TIAO Industry Stakeholder Calls
Tuesday, October 6, 2020

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The following is a digest of TIAO updates as well as questions asked during the industry calls hosted by TIAO. We’ve done our best to provide the answers you need, provide links where we can, and are committed to taking your concerns forward in our discussions with government officials.

Updates from TIAO:

- Below are the top line results from Survey 8, conducted by Navigator. We are taking these results and integrating them into our narrative with government and using them to support our requests on behalf of the industry.
  - The survey was conducted across our membership and our networks. It was in market from September 11th to the 18th and had 678 responses. This was a good sample size with a margin of error of 3.7%, 19 times out of 20.
  - 86% of business owners state their business is down versus last year, with an average revenue decline of 69%. The decline in revenues have led to many jobs being lost. The majority of businesses are claiming that they’re down more than what was originally forecasted at the beginning of this pandemic. 26% of businesses are down over 91%.
  - Two thirds of businesses state that they would have shut down had it not been for government programs. While government supports continues to be critical, there are definitely businesses that believe that they can survive into 2021.
  - Top support requests are for tax breaks, extension of CEWS and support for PPE costs.
  - Strong majority of businesses have seen a dramatic decline in revenues - almost 50% reported that this year their revenues were under $500,000. Almost 80% expect that by the end of the year they will remain under $500K.
  - Layoffs have gone up significantly, and nearly 10% of businesses have laid off their entire staff. Last season on average, people had 36 employees, and this year they’re down to 17. The number of employees in the one to five employee category has gone up significantly and the number of companies that have no employees anymore, has also gone up significantly.
  - We looked at how many businesses are partially opened but at a reduced capacity, how many are temporarily closed, never closed, or reopened after closing. Results show 50% of businesses are operating at a reduced capacity, up over June and July survey results (35%).
Cash flow and employee layoffs continue to be the number one and two issues facing the industry. Also top three includes closing businesses temporarily.

Other numbers we examined looked at closing your business temporarily, insurmountable debt levels, you being unable to open, you've closed your business permanently, bankruptcy - all these numbers together are quite high. We want to be able to show government that the threat of losing some of our tourism industry permanently is real.

At the beginning of the pandemic, McKenzie released a report for Destination Canada and they predicted that in Ontario we would lose 58% of revenues. The results show that 57% of businesses state that their revenues are down more than the 58% forecast; 13% state that it's down around 58%; 24% are performing better than 58%.

Two thirds (2/3) of all businesses claim that they would have shut down had it not been for government assistance. The top three supports being the 75% wage subsidy, the $40K interest free loan, and CERB, all very important to the survival of our industry.

The top asks: An extension to CEWS, support to cover PPE and tax breaks.

As you know, at the federal level, they announced the extension of CEWS into the spring of 2021. We will continue those conversations to ensure that it not only happens, but that it is applicable and captures the largest number of businesses possible.

In regards to tax breaks and grants, we've been talking to both the provincial and the federal government about tax breaks for business owners to help cover the costs of PPE and any additional changes they have to make to their business.

Tax incentives are another piece that we've been talking about both at the provincial and federal level around incentivizing, Canadians and Ontarians to get out and spend their vacation dollars at home.

71% of you said that their business will recover; 91% say they will survive to the end of 2020.

But can we survive to the spring of 2021? 93% are saying somewhat likely to very likely which shows our resiliency.

The top ranking support that businesses are looking for are support for small and medium sized businesses, relief, and healthcare.

Only 26% of businesses feel that the economy across Ontario is better than where they live and work; 60% feel that where they are, they're in the same place as the rest of the province.

The majority are pessimistic about the future of the tourism business.

This is an opportunity for us to reflect on how the government is doing, how are they supporting your business and how do you think that your community, not only your business, is going to fair through this.
Results on the North:

- Keep in mind that the sample is coming out of the overall sample, so the overall sample numbers are slightly reduced.
- The North East/North West is significantly more likely to believe that the economy is performing about the same across Ontario compared to their community.
- Pessimism in the North is fairly strong. Understandable considering that you’ve had some unique challenges, especially for those who rely on the border being open.
- Businesses that are reopening in the northeast is consistent with the rest of the province. They are partially open but operating at a reduced capacity.
- Businesses with zero employees is dramatically higher in Northern Ontario. It’s important to note that when you compare the last season, those that had no employees last season were at zero across the board; this year, there are almost 20% in some aspects. We can also see the dramatic increase in the range of employees from 1-5. We can see this has had a huge impact on their ability to continue to keep people employed.
- With so many businesses laying people off, revenue has taken a corresponding hit, with revenues under $100,000 now forming a strong majority in the North.
- Northern Ontario businesses are down significantly higher than rest of the province, in some cases revenues are down as high as 75%.
- For government programs, the $40,000 loans was something that operators in the north took advantage of, as well as the wage subsidy. But other programs significantly less (such as the commercial rent program).
- Northern Ontario businesses are less optimistic than the rest of the province but we anticipate these numbers will go up once the borders open.
- Cash flow is a significant issue in Northern Ontario. The top three issues are significant loss of cash flow, layoffs and closing their business temporarily.
- Northern Ontario is keen on the wage subsidy and tax breaks.
- And then by comparison, businesses down more than 58% continues the trend from the rest of the province. However, in central and northwest areas, they go up significantly higher. We can align that with the US border being closed.
- If you could speak to Doug Ford personally, what would you ask him to be focused on? The North is very much in line with the rest of the province. However, regulatory reduction takes third place over health care.

- The government is actively encouraging Ontarians to stay home in order to help stop the spread. TIAO is trying to help government understand that people spread the virus not businesses. We would like them to continue to support the notion of getting out and supporting local businesses responsibly.
- A reminder that new testing guidelines are in effect as of this morning. There are no longer any kind of drop in centres. You will have to make an appointment: https://covid-19.ontario.ca/covid-19-test-and-testing-location-information
- We also want to clarify 50 people can gather indoors per venue, a direct change for the accommodations and convention centre community where it was 50 people per room as long as social distancing requirements were met. They have changed that and brought it back down to 50 people per venue and 100 people outside.

The government is asking that you be cognizant of how people are moving through your facilities. If you have an outdoor venue and people have to get going through a building to get to the space, there are some requirements you need to follow around that. https://www.ontario.ca/page/reopening-ontario-stages#section-3
- On the Minister’s town hall last Friday, she plans to unveil her five year strategic plan for heritage, sport, tourism and culture industries at the end of the month.

• FedDev Ontario still has funding available for businesses to access under the Regional Relief and Recovery fund. There are two options and they are very similar to CEBA and to the smaller business accounts with loans up to $40,000, with 25% that can be forgivable or for larger businesses up $500,000 that is fully repayable. The loans are designed to cover up to three months of fixed operating costs. If interested, you will need to fill out an online application. RRRF: www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_02581.html?OpenDocument

• Digital Main Street Program https://digitalmainstreet.ca/futureproof/ There are various levels of support to help you digitize your operations including access to a $2500 grant to help you build out an online storefront to increase your levels of engagement around digital marketing and sales strategy through the future proofing element of the program.

• If you are a not-for-profit tourism organization, local economic development office, or municipal/regional/First Nations government or Band Council with a project proposal, you are encouraged to contact FedDev Ontario at: https://www.feddevontario.gc.ca/eic/site/723.nsf/eng/h_00122.html?OpenDocument to review available funding options. (scroll to the section Support for Tourism-Dependent Communities)

• The Toronto Region Board of Trade is rolling out a pan provincial program called Recovery Activation Program (RAP), in partnership with the local chambers of commerce and can also help with your development of a digital transformation plan. http://wtctoronto.com/scaleup/rap/?gclid=EAIaIQobChMIulHer8L66lV1ODIvh3d4gQE AAYASAAEgJtl_D_Bwe

• The Canadian Chamber of Commerce has a number of upcoming free webinars specifically related to business and tax planning during COVID-19: https://chamber.ca/events

• Reminder that the Safe Travels Stamp application is now open - https://www.tiaontario.ca/cpages/safetravelsstamp

There is no cost to participate and is an easy application process. The only caveat is that you do need to let us know which set of protocols you are following. If you’re following your local health & safety or your local public health authority protocols, then you will be in compliance. Approvals can take up to a week. It is a globally recognized program. To date, approx. 200 businesses have received the stamp. We are working on a French translation as well.

• The Ontario Tourism Summit is open for ticket sales: www.ontariotourismsummit.com. The awards will be given on the evening of October 28th. You can join us for dinner virtually by ordering dinner through TIAO from a local Feast On® restaurant.

This Saturday’s edition of the Globe and Mail will have our one page advertisement announcing the finalists for the awards, followed by a press release.

• CERB is being phased out into the Canada Recovery Benefit. https://www.canada.ca/en/revenue-agency/services/benefits/recovery-benefit.html We have heard that micro businesses (very small or brand new, and not using a formal business account) will be captured in the in the programming going forward; not only thru CERB but also through the Canadian registered business account.

• The Ministry has shared with us a template for sectors https://silkstart.s3.amazonaws.com/fdbc57bc-7faf-41b7-81bf-baa1e7bd9e2b.pdf to come together to apply for opening measures. If you are part of a sector of the industry
that has not been able to fully open or open at all, they are asking sector groups to come together, and submit one request for the sector.

- On the advocacy front, there are three separate files we are working on now: Immigration and temporary foreign worker program (TIAO and Resorts of Ontario will put in submissions), consultation on privacy (with everything going digital) and transportation.

**Northern Ontario**

**Number of participants:** 40

**Update from NOTO:**

- We would like to remind operators that the **Northern Ontario Recovery Program** is open for applications (see link above). We are encouraging operators to think outside the box for this program.
  All of the costs related to COVID are retroactive to March 17 and are eligible for up to $25,000 in grants. If you are looking at expanding your business, think about the health and safety measures you have to implement in your business.
  For example, if you can’t have more than two people on the dock without having proper distancing, then maybe look at that as a project. Or you can also look at your ventilation, the signage, moving more online (such as forms and waivers, payment systems), and accessing the domestic market. We want operators to tap into the programs that are available that won’t incur additional debt.
- There was $22M announced for the RRRF, in addition to the money that’s already in there, from FedNor. $6M of that is going towards the Community Futures Development Corporation’s to access rural areas. They’re also changing the eligibility requirements and will have more details at a later date.
- We are receiving more questions surrounding CERB and CEWS now that operators are starting to close up their doors for the winter.
  CERB is being phased out into the **Canada Recovery Benefit**. It will be under EI for those who haven’t be able to work as a result of COVID, or have seen more than a 50% decline in your average weekly income. This program guarantees you up to $500 a week, and the application periods are bi-weekly. We are inquiring if seasonal operators will be able to tap into this. For more details, visit [https://www.canada.ca/en/revenue-agency/services/benefits/recovery-benefit.html](https://www.canada.ca/en/revenue-agency/services/benefits/recovery-benefit.html)
- For CEWS, you will be eligible if you can show that you have more than a 50% drop in revenue in the previous three months. We want to make sure that operators can access CEWS throughout the winter months as some operators keep employees around the winter for either marketing initiatives or doing upgrades. We will discuss with MPs and address the seasonality to ensure operators have the support they need to survive the winter.

**Questions:**

1) **Is it possible to get the slideshow you just presented?**

   **We will be sharing it at a later date.**

2) **Don’t we have to spend the money first before being reimbursed? If yes, that will be difficult with very little money coming in.**
Yes, you do have to spend the money first but we are aware that some operators might have already spent the money early into the season to get sanitization stations and plexiglass in place. Since all the costs are retroactive up to March 17th, you could tap into the program for those costs.

3) I received questions from a couple of operators and small businesses in the industry, who are fairly new or were not taking payroll for themselves. Has this been addressed at all in those conversations you’ve been having, as this has disqualified them from a lot of relief funding.

They would be captured in this notion of self-employed. This was a change that was supposed to happen with CERB so that they could take advantage of it but that change didn’t get through the house. Now they are rolling CERB into the Canada Recovery Benefit. So it’s part of our conversation to capture them in that changeover. These are the changes we mentioned for the micro businesses, where they may not be using a full on business account, or they may be those in the early start-up days. These are the steps that we’re looking for in order for them to access CEBA, RRRF and some of the other programs.

**Open Call (Sector Associations, Tourism Operators, Educators and DMOs)**

Number of participants: 84

Questions:

1) In regards to the survey, have you had a chance to look across the broad sectors of tourism? Were the results fairly similar or different for food and beverage, accommodation vs. attractions?

We haven’t done that deep of a dive yet. We did look a bit geographically, Northern and Southern Ontario specifically, simply because of some of the conversations around the funding models that are being presented right now. But we will certainly be taking a deeper look into that as we go forward.

2) On the CEWS, is there a lobby effort in place to push to have this as a sliding scale of percentage, based on % of revenue loss?

Along with TIAC and the other TIAs across the country, we are certainly supporting the fact that the wage subsidy is going to have to replace revenue that should have been earned in the summer through the offseason months for seasonal businesses. Those conversations are ongoing. I don’t think that we’re ever going to see the wage subsidy go higher than 75%. It is certainly something that we are trying to include in the conversation so that they can understand that depending on the size and scope of business, 75% up to a maximum may not be as helpful to some of our larger players going forward, and that's certainly on the table as part of that conversation.

3) I’m assuming we will receive the survey report?

We don’t have the exact date but aiming for Thursday’s newsletter.

4) Will the finalists be announced anywhere else?
On our website and in a press release.

5) Any Intel on the funding announced by Minister MacLeod through DO for hyper-local marketing, coming in a few days?

It is TIAO’s understanding that the Minister is going to be making that announcement on Thursday. Our understanding is that the $9 million she referenced in relation to this hyperlocal marketing is the remaining money from Celebrate Ontario that was not spent earlier in the year.

Update:
Reconnect Festival and Event Program

6) Do you have any information about OTEC expanding their program to 11 more destinations?

They are working on that. The Tourism and Hospitality Emergency Response Program has expanded.

Carol sits on the Tourism Skillsnet Advisory Committee and they are getting their platform up and running as well as some advertising out in market. They are making direct connections with employers.

We can certainly bring OTEC back to provide some updates.

Comment:
I think that’s a good idea to bring Adam back.

7) Can you provide more insight on the consultation for foreign workers?

We were in a labour shortage prior to COVID and while this pandemic has caused a lot of businesses to lay off staff, we don’t want to be in a labor shortage when we come out of this. So it is imperative to keep laid off staff engaged. So those conversations are happening on many levels.

At the federal level, because of the pandemic, the number of immigrant arrivals that were supposed to happen this year are not going to be met so there is consultation on this.

We also need to create that pathway to permanent residency for international students who are filling a lot of the post-secondary tourism and hospitality programs.

Then for the temporary foreign worker, the conversation has been very fluid with the fact that tourism is a global industry. We have a need to fill seasonal positions that Ontarians are not looking to fill.

8) Is it the same for Working Holiday visa?

It was not included in the consultation we participated in. We will have to take a look at this and get back to you.
9) Great work to the team on Bill 195 which delays severance activation. I just wondered if there was any follow up to that to see about pushing it beyond the January mark.

Absolutely. We did acknowledge the Ministry of Labour, Training and Skills Development for hearing us. The ongoing conversation with the Ministry is that the tourism and hospitality industry will be the last to recover and we will need more time. We will re-engage at some point.

Comment:
I was just hoping that with the wage subsidy extension into June 2021 would provide a little bit of leverage to go back to that conversation for tourism.

Comments:

- Re: Survey - I think it is important to note that what we aren’t capturing in these results are all of the businesses that have already fallen to COVID. My guess is that most of the people who have lost their jobs/livelihoods in the last six months did not take the time to fill out this survey. Not to say I am not happy to see the resilience in those of us that are left!!!
- Re: Survey - It would be interesting to know how many years the existing companies have been in business for.
- Any marketing strategy has to aim at hygiene education.
- It’s very important to note that many of us don’t actually need more marketing money (as money was received from FedDev). The problem is with cash flow. DMOs are concerned about beyond January as our revenue stream lines are down. We need to think about putting more money on other aspects.

RESOURCES:

- Ontario’s Stage 3 reopening https://www.ontario.ca/page/reopening-ontario-stages#section-3
- Industry Protocols and Guidelines: https://www.tiaontario.ca/cpages/covid19
- Free online Training to Promote Safe Workplaces: https://www.ontario.ca/page/training-joint-health-and-safety-committee-members
- Northern Ontario Business reopening Toolkit: http://reopenthalnorth.ca
- Safe Travels Stamp Application: https://www.tiaontario.ca/cpages/safetravelsstamp

We look forward to speaking with you again soon!