The Long-Term Impacts of COVID-19 on Ontario's Tourism Businesses and Capacities to Reopen, Rebuild, and Recover

FINAL REPORT

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Prepared By:
Jessica Ng, PhD, Manager of Policy and Government Affairs (jng@tiaontario.ca)

With Thanks To:
Caitlyn Drexler, Policy and Research Officer

Background

Context

The impacts of the COVID-19 pandemic on Ontario's tourism businesses have been wide-ranging and significant. After fifteen months of closures, job losses, layoffs, revenue losses, and mounting debt, the tourism industry faces a long process of recovering and rebuilding. As Ontario moves to Steps 2 and 3 this summer under the province's Roadmap to Reopen framework, many tourism businesses are encountering challenges to reopening, rebuilding, and long-term recovery just as provincial and federal supports begin to wind down.

The Survey and Data

In June 2021, the Tourism Industry Association of Ontario (TIAO) conducted a survey to collect up-to-date information on the current challenges facing tourism business operations as the province is reopening. The purpose of this survey was multifold:

- To examine the long-term impact of the COVID-19 pandemic on Ontario's tourism businesses;
- To investigate whether the impact of COVID-19 on tourism businesses has worsened in key areas such as revenue loss, debt, and financial sustainability compared to previously collected data; and
- To understand what tourism businesses need to rebuild and support long-term recovery.

The survey received 361 responses between June 15 and June 21. Respondents include TIAO members and Ontario tourism businesses who are not members of TIAO.

To note, the survey was conducted as many businesses were reopening during Step 1 and as such this may have affected the response rate. It should also be noted that this survey was conducted before the province moved to Step 2 reopening. As such, the data represents a snapshot of the state of Ontario tourism businesses circa mid-June 2021. As businesses move into Steps 2, 3, and beyond, this data will likely change.

Where possible and relevant, present data in this report is compared to figures from the April 2021 TIAO survey conducted by Navigator, *State of Affairs of Tourism Business Owners,* conducted March 19 – April 1, 2021, and receiving 361 responses. This comparison is the basis for conclusions pertaining to whether the state of the industry is better, worse, or roughly the same in key areas of revenue loss, debt, financial sustainability, and the importance of government aid to financial solvency.

This Report

The purpose of this report is to detail the key findings of the survey, highlighting the common reopening- and recovery-related challenges currently experienced by Ontario's tourism businesses.

The survey questions and data appear at the end of this report.

Key Findings

Reopening at a Glance

Over 40% of tourism businesses are currently open but with reduced capacity in Step 1 of the Roadmap to Reopen. Over 30% of tourism businesses are waiting to reopen in Step 2 or 3.

The closure of the borders remains a key barrier to reopening for businesses relying on US visitors and for travel advisors.

42% (42.50) of respondents are currently open with capacity restrictions in Step 1. 12% (12.22) of respondents expect to reopen under Step 2 regulations, and 21% (21.11) of respondents are waiting to reopen under Step 3.

The remaining respondents (24.17%) are accommodations (e.g., hotels) that have never been closed and have operated throughout the pandemic with restrictions; event and trade show organizers that have postponed their events until 2022 (and as such expect to reopen at that time); businesses with lack of clarity on when they will be able to reopen (e.g., motor coaches); and businesses whose reopening is contingent upon the lifting of border restrictions.

The majority of tourism businesses cite government restrictions (67%), closed borders (56%), and lost revenue while waiting to reopen (52%) as their greatest challenges to reopening. Mounting debt is a growing obstacle to reopening.

As businesses reopen or prepare to reopen, respondents report additional hurdles which hamper this process. The greatest obstacles to reopening include:

1. Government restrictions (67.41%)
1. Closed borders (56.27%)
2. Lost revenue while waiting to open in Step 2 or 3 (51.81%)
3. Increased levels of debt (50.42%)
4. Lack of clarity on regulations to reopen in Step 2 and 3 (47.08%)
5. Attracting new customers (45.40%)
6. Staffing (42.06%)
7. Winning back old customers (38.72%)

8. Cost of changes to meet/adapt to new safety protocols (34.26%)
9. Avoiding insolvency (20.89%)

Operational Risks at a Glance

The current top 5 risks to tourism business operations are significant loss of cash flow (78%), lack of clarity on reopening regulations (47%), employee layoffs (43%), labour shortages (32%), and debt (31%).

Loss of cash flow continues to be identified as the greatest risk to tourism business operations, echoing earlier findings from the April 2021 survey to TIAO members conducted by Navigator (conducted March 19 – April 1, 2021, receiving 361 responses).

Many respondents identified lack of clarity on regulations to reopen as a major operational risk. For almost half of all respondents (47.50%), lack of clarity pertained to reopening in Step 2 or 3. Uncertainty around capacity restrictions and when businesses will be able to reopen makes it difficult for businesses to plan to safely reopen. But for businesses reliant on American or international visitors, the unknown timeline on the lifting of border restrictions creates additional uncertainties for reopening.

Staffing remains a challenge. While 43% (42.78) of respondents reported employee layoffs as a risk to their current business operations, over half (56.23%) of all businesses have in fact reported current employee layoffs. Indeed, almost 3 in 10 (28.33%) businesses are unable to pay staff wages. Lack of clarity on reopening regulations also makes it difficult to hire, with uncertainty around staffing needs. Compounding this, unknowns about estimated consumer demand and revenue make it difficult to attract new hires.

Relatedly and reflecting workforce trends across the industry, labour shortages are becoming a growing problem with businesses unable to fill staff vacancies as many former workers displaced by the COVID-19 pandemic have since left the tourism and hospitality industry for other occupations and industries. 32% (32.22) of respondents identified labour shortages as a risk facing their business operations. The labour shortage and the inability to pay staff wages will become growing challenges as tourism businesses reopen, restrictions ease, and businesses seek to ramp up capacity to meet consumers' pent-up demand for tourism and hospitality experiences.

Debt continues to be major operational risk to tourism businesses as they begin to reopen, with a quarter (25.00%) of respondents reporting being unable to pay commercial rent or mortgages.

COVID-19 Impacts on Revenue

When comparing revenues from this past Victoria Day weekend to the same period in 2019, 90% of all tourism businesses have experienced a revenue decline.

Two-thirds of businesses that have experienced a revenue loss saw revenue declines of more than 90%—a two-fold increase since March 2021.

Revenue decline is worse now compared to earlier data collected in the April 2021 Navigator survey. In March 2021, 81% of businesses showed a revenue decline when comparing present revenue with pre-COVID-19 economic activity levels (i.e., compared to January 2020). Three months later, the current data shows a 9-point increase in this figure: 90% (90.36) of all tourism businesses reported experiencing a revenue decline when comparing present revenue with pre-COVID-19 economic activity levels (i.e., when comparing 2021 Victoria Day weekend revenues with the same period in 2019).

Moreover, the percentage of businesses showing revenue declines of more than 90% has doubled. In March 2021, almost one-third of businesses experiencing a revenue loss saw revenue declines of 90% or more. By June 2021, the present data shows that a full two-thirds (67.71%) of businesses that have experienced a revenue loss have experienced a revenue decline of 90% or more—a two-fold increase since March 2021. For three-quarters of these businesses, this revenue decline of more than 90% amounts to a 100% revenue drop.

Impacts of COVID-19-Related Debt on Future Tourism Business Operations

77% of all businesses have taken on debt to remain afloat—a 9-point increase from March 2021

32% of all businesses have taken on at least $100,000 in debt—a 5-point increase from March 2021

7 in 10 indebted businesses have taken on at least $50,000 in debt

Debt is also worsening among tourism businesses. In March 2021, 68% of businesses reported taking on debt to keep their businesses afloat. By June 2021, the present data shows that 77% (77.01) of businesses have taken on debt to remain operational. This is a 9-point increase in just three months.

In March 2021, 27% of all businesses reported taking on at least $100,000 in debt. By June 2021, the current data shows that 32% (32.40) of all businesses have taken on debt of $100,000 or more. This is a 5-point increase in just three months. Of the businesses that report having taken on debt, 7 in 10 (72.65%) report having taken on at least $50,000 in debt and 4 in 10 (42.08%) have taken on at least $100,000 in debt.

3 out of 4 businesses with debt anticipate it will take 2 years or more to resolve their debt and return to pre-COVID-19 revenue levels

Of the businesses that have taken on debt, 76% (76.31) estimate that it will take at least two years to resolve their debt and return to pre-COVID-19 revenue levels. Almost 40% (39.37) of businesses with debt expect it will take 3 years or more to resolve their debt and return to pre-COVID-19 revenue levels. About 1 in 10 businesses with debt expect it will take an indefinite period of time to resolve their debt and return to pre-COVID-19 revenue levels.

Debt impacts the reopening, rebuild, and recovery of tourism businesses

The impacts of COVID-19-related debt are both immediate and long-lasting. Two-thirds (67.74%) of businesses with debt will cancel business expansion plans and, over a quarter (29.75%) will reduce the size of their operations. 1 in 10 (12.54%) businesses with debt are considering closing their business permanently.

Over a third (38.35%) of businesses with debt will not bring back all laid-off staff or fill staff vacancies because they cannot afford to. Many (17.57%) will need to reduce staff wages to ease financial pressures.

Respondents also cited debt as a reason for delaying the maintenance and upgrade of infrastructure and equipment, delaying retirement plans, and passing on business costs to customers. Mounting debt has become a growing risk to financial solvency and significantly impacts the capacity for businesses to recover from the financial impacts of COVID-19. To finance necessary infrastructure upgrades and equipment maintenance, and to pay off debt in a timely manner, the price of tourism products, services, and experiences may rise in the near future.

Impacts of COVID-19 on Workforce Retention and Hiring

CEWS has been vital to workforce retention

Staffing remains an issue amongst tourism businesses but new workforce issues are emerging. To help sustain their workforce, over half of all respondents (58.26%) relied on the Canada Emergency Wage Subsidy (CEWS) to cover part of employee wages. Almost three-quarters (73.56%) of businesses who received CEWS relied on it to sustain up to 75% of their workforce.

Over half of all tourism businesses are currently laying off a portion of their workforce

Despite the crucial role of CEWS, over half (56.23%) of all tourism businesses are currently laying off a percentage of staff[1]. But present layoffs only tell part of the story. Some respondents reported using a combination of layoffs and terminations or layoffs which were converted into terminations. To avoid layoffs, some businesses have instead drastically reduced wages across all staff in order to retain their workforce.

Workforce retention has been a major challenge throughout the pandemic. Indicative of this, Tourism HR Canada reports that Ontario's tourism workforce shrank by 25% from March 2019 to March 2021. Many former workers displaced from their jobs by the COVID-19 pandemic have since left the tourism and hospitality industry for other occupations and industries. This has resulted in a growing labour shortage in the tourism industry just as businesses begin to reopen.

1 in 4 businesses cannot hire due to industry labour shortages

Tourism businesses are facing new challenges in staffing as they reopen or prepare to reopen. As businesses prepare to ramp up capacity to meet consumers' pent-up demand for tourism experiences, one quarter (25.00%) of businesses have been unable to hire staff due to current labour shortages in the tourism industry. However, 32% (32.22) of respondents identify not being able to fill staff vacancies due to current labour shortages as a major risk to their business operations. This figure likely accounts for businesses who have not been able to hire due to current labour shortages as well as those who have not yet experienced this (e.g., because they are not currently hiring), but are worried about it. As noted in the previous section, many laid off or terminated staff displaced from their jobs during the COVID-19 pandemic have since left the tourism industry and have found employment in other industries and professions.

Compounding this, the tourism industry was already facing a labour shortage prior to the COVID-19 pandemic. Prior to COVID-19, OTEC estimated that by 2025, the labour shortage in Ontario's tourism industry will grow to over 80,000 jobs unfilled. Moreover, even before the pandemic, Canadians held misconceptions about tourism employment as precarious, poorly paid, and a short-term job rather than a long-term career (Tourism HR Canada, 2020). The COVID-19 pandemic has worsened both the pre-existing labour shortage and pre-existing negative perceptions of tourism employment in Canada, making it difficult to attract new hires to fill the current labour shortage.

[1] Based on respondent response to Q13: 'Please indicate what percentage of your employees are currently being laid off.' Respondent response for options with laid off staff, less 'Other,' was 56.23%.

Almost half of all businesses cannot hire staff because they are not generating enough revenue.

Regardless of labour shortages, almost half (45.00%) of all tourism businesses have not been able to hire additional staff (or hire back laid off staff) because they are not generating enough revenue. This reveals two main challenges: not being able to hire additional staff because businesses cannot afford to and/or they do not have enough work available to warrant it. Businesses scaled down due to the pandemic may not scale back up to pre-COVID-19 levels for some time, resulting in a leaner staff and diminished need to hire in order to maintain financial sustainability. Relatedly, almost 30% (29.72)[2] of all respondents cite debt as the reason they will not bring back all staff or hire new/additional staff.

1 in 10 businesses cannot hire because they are unsure if their business will survive.

Uncertainty is a pervasive theme affecting the capacity to hire staff. 18% (17.78) of respondents report not being able to hire staff because they are uncertain if their business will survive. Others report being unable to hire staff because they are uncertain about: what customer demand will be like and therefore what their business needs will be like (e.g. what staff hours and wages they can offer), what capacity restrictions will be like (e.g., for Step 2 and 3), and when the Canada-US border will reopen. Businesses in trade show and events sectors cite uncertainty in the future of events and the future of the sector more generally as reason not to hire staff presently.

The vast majority of tourism businesses have been on pause for over fifteen months with scaled down operations. Scaling back up is crucial to return to pre-COVID-19 levels of economic activity, to pay off accumulated debt, recoup revenue losses, and for long-term business recovery. Hiring is a necessary part of this.

Yet almost half of all tourism businesses are caught in a catch-22: they need to hire staff to gain revenue, but until they gain revenue, they cannot hire staff. Industry-wide labour shortages and uncertainty around business needs and capacity exacerbate hiring challenges. Labour shortages will likely be a growing problem as consumer demand for tourism products and experiences grows.

Financial Sustainability as Tourism Businesses Reopen

With no changes to government support, financing, or sales, 1 in 10 businesses may be *at risk* of closure by the end of the summer season. 3 in 10 businesses may be *at risk* of closure by the end of September.

The financial sustainability of tourism businesses remains a significant challenge to reopening in the short/medium term and rebuilding and recovering in the long term. What we found is that there are fewer businesses today who feel they can hang on for the long-term. Over the last three months, there has been a substantial growth in the number of businesses reporting that they will not be able to hang on for much longer.

In March 2021, with existing levels of government support, financing, and sales, 53% of businesses estimated that they could continue paying ongoing expenses for *at least* 6 months, and 42% of businesses anticipated being able to pay ongoing expenses for *at least* 9 months.

[2] Based on respondent response to Q11: 'How will this debt affect the future of your business? Select all that apply'. Respondent response for option 'Won't bring back all staff or fill staff vacancies' was 29.72%.

Three months later, business owners are far more pessimistic about the future of their business. The current data shows that 38% (38.06) of all tourism businesses estimate that they can continue paying ongoing expenses for *at least* 6 months, with 30% (30.11) of all businesses anticipating being able to pay ongoing expenses for *at least* 9 months. This amounts to a 15-point drop and 12-point drop, respectively, in just three months.

Similarly, in March 2021, 6% of all businesses estimated that they could only continue paying their ongoing expenses for *up to* 2 months. 19% of all businesses estimated that they could do so for *up to* 3 months. Our current June data shows that 12% (12.50) of all businesses anticipate they can only continue to pay their ongoing expenses for *up to* 2 months (I.e., to the end of August)—a figure which has doubled in just three months. 31% (31.53) of all businesses anticipate they can only continue to do so for *up to* 3 months (I.e., to the end of September)—a 12-point increase in only three months.

This data reflects the point at which the present cost of continuity (I.e., of the business operations) becomes financially unsustainable. Having reached that point, what it means for the state of the business depends on their financial solvency. For businesses in less bad shape, it could mean subsequently undertaking drastic measures for survival such as going into debt, taking on further debt, and reducing the size of business operations (including staff). At the most extreme end, it could mean that businesses have exhausted all measures by this point and face closure. It is unclear from the data the extent to which exhaustive measures have been taken amongst businesses reporting not being able to hang on for much longer.

Worst-case scenario: 61% of tourism businesses may be *at risk* of closure by the end of the year.

Assuming a worst-case scenario in which all measures to remain financially solvent have been exhausted and there are no changes to current levels of government support, financing, or sales, 1 in 10 businesses (12.5%) may be *at risk* of closure by the end of the summer season (I.e., by the end of August). 3 in 10 businesses (31.53%) may be *at risk* of closure by the end of September. In six months, the cumulative total of businesses who may be *at risk* of closure may account for over 60% (61.94) of tourism businesses. This means that these businesses will no longer be able to pay their business expenses, their operations will become financially unsustainable, and they will therefore be *at risk* of closing. To emphasize, these numbers reflect a possible worst-case scenario—not a prediction—based on business perception, in the event that the state of government aid, financing, and sales do not improve and businesses have exhausted all measures to remain financially solvent.

Moreover, almost half (45.67%) of all affected businesses estimate that the cost of remaining closed until reopening in Step 3 is $100,000 or more. For businesses closed until the Canada-US border reopens, this number is likely even higher.

These numbers, however, should be interpreted with caution. This data is a snapshot in time, reflecting the financial state of tourism businesses circa mid-June, prior to Ontario entering Step 2 of reopening and prior to the reopening of Canada's borders to travel. As restrictions lift further and more businesses reopen and with greater capacity in Steps 3 and beyond, these numbers will likely change.

The key takeaway regarding financial sustainability is that the longer businesses remain closed or at severely reduced capacity, the financial consequences will be severe. Potential revenue will continue to be lost during peak visitor season, debt will continue to accumulate and will be more difficult to pay off, and the road to rebuilding and recovering will be longer for the tourism industry. Reopening may ultimately be too late for some businesses.

Government Supports Have Been Integral to the Survival of Ontario's Tourism Businesses

77% of tourism businesses accessing government aid programs would have shut down without them

Echoing March 2021 findings, government aid has been crucial to the financial solvency of Ontario's tourism businesses during the COVID-19 pandemic. After fifteen months of restrictions and lockdowns, government support has become more important. Among tourism businesses, the five most-used COVID-19-related government aid[3] were:

1. Canada Emergency Wage Subsidy (CEWS) (58.26%)[4]
2. Canada Emergency Business Account (CEBA) (45.81%)
3. Canada Emergency Response Benefit (CERB) (34.36%)
4. Ontario Small Business Support Grant (33.24%)
5. Ontario Tourism and Travel Small Business Support Grant (25.98%)

In March 2021, 71% of tourism businesses accessing government programs said they would have shut down without them. The findings of this survey show an increase in this number: 77% (77.50) of respondents receiving government support say they would have shut down without it. This amounts to a 6-point increase in only three months, a reflection of the increasingly dire financial situation facing Ontario's tourism businesses and the importance of government aid.

Government Supports that Tourism Businesses Need to Help Them Overcome Fiscal Challenges

Government supports which tourism businesses say are necessary for long-term recovery include expansion of grant eligibility (60%), debt forgiveness (52%), accelerating the timeframe to reopen (45%), and wage subsidies (45%)

Crucial to financial solvency during the pandemic, government aid will be vital to the rebuilding and recovery of tourism businesses as the province continues to reopen. When asked about the types of government supports required to help them overcome fiscal challenges and aid long-term recovery, tourism businesses cited:

1. Expansion of eligibility and/or funding for existing grants (e.g., Ontario Small Business Support Grant, Ontario Tourism and Travel Small Business Support Grant) (60.22%)
2. Debt forgiveness (51.82%)
3. Ontario Tourism Recovery Program (grants for anchor tourism businesses) (45.66%)
4. Accelerating the timeframe to reopen under Step 2 or 3 of Ontario's Roadmap to Reopen (45.10%)
5. Wage subsidy to increase hourly pay to attract more staff (43.70%)

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[3] Survey data for respondent usage of the Canada Emergency Rent Subsidy (CERS) is not available. Based on respondent demand for a rent subsidy (22.69%) in Q20 ('What government support can help you to overcome fiscal challenges to aid long-term recovery? Select all that apply'), CERS is likely the 6th most-used government support with estimated usage amongst tourism businesses accounting for at least 20% of all respondents.

[4] This figure is based on the percentage of respondents who indicated using CEWS to sustain a percentage of their workforce, which was 58.26% (Q12: Please indicate what percentage of your workforce you were able to sustain with the Canada Emergency Wage Subsidy (CEWS).)

6. Tax breaks (42.86%)
7. The removal of limits on business capacity under Ontario's Roadmap to Reopen framework (40.90%)
8. More comprehensive information on regulations for reopening in Step 2 and 3 (37.25%)
9. Reducing red tape (35.01%)
10. Financial aid for businesses disproportionately impacted by the US border closure (33.61%)
11. Rent subsidy (22.69%)
12. Low interest loans (19.89%)
13. Other (please specify) (14.57%):
    - e.g., Information on US border opening and new requirements for safe travel to enable long-term planning
    - Additional marketing dollars for tourism businesses
    - More tourism industry-specific support
    - More sector-specific support within the tourism industry (e.g. tax breaks for companies exhibiting in trade shows and for attendees)
    - More money for PPE
    - No more province-wide lockdowns
    - Easier accessibility for government loans

Summary

The findings of this report show the wide-ranging and long-lasting effects of the COVID-19 pandemic on Ontario's tourism businesses:

- The state of revenue loss and debt have worsened since similar data was collected in March 2021—alarmingly, these figures have worsened in the span of only three months. Revenue losses and mounting debt already show significant impacts to financial sustainability and the future of tourism businesses.

- Pandemic impacts to workforce retention and the tourism labour force have created obstacles to hiring just as businesses are reopening, exacerbating pre-existing industry trends. This problem is likely to worsen as businesses ramp up capacity to meet the likely post-lockdown surge in consumer demand for tourism products and experiences.

- Government supports have become more important to financial solvency than ever before. Without additional government support, many business operations will become financially unsustainable within six months and therefore at risk of closure.

- Worsening impacts on revenue loss, debt, staffing, and financial sustainability have created obstacles to reopening. These obstacles are compounded by government reopening restrictions, lack of clarity around reopening regulations, and closed borders.

As the last industry to recover in Ontario, this report shows that continued government support is necessary to have a chance at long-term economic recovery.

This report demonstrates that reopening does not mean recovery—reopening must not become a substitute for vital government aid.

Next Steps

Using the data in this report, TIAO will continue to advocate for Ontario's tourism businesses at the provincial and federal level for continued government aid programs which support the long-term recovery of our tourism industry.

Data

Demographic data:

Sectors represented:
(Q1: Which sector do you operate in?)
- Attractions (7.20%)
- Amusement Parks (1.39%)
- Water Parks (0.83%)
- Accommodations (20.22%)
- Food and beverage services (6.37%)
- Transportation (1.11%)
- Tour operator (6.37%)
- Recreation (2.22%)
- Camping (1.94%)
- Retail (3.60%)
- Sector association (0.83%)
- Education (0.55%)
- Meetings and conventions (2.22%)
- Culture/heritage (5.54%)
- Arts (2.77%)
- Sports (0.83%)
- Tourism operator (14.68%)
- Film (0.00%)
- Festivals and events (4.71%)
- Indigenous tourism (0.83%)
- Destination Marketing Organization (DMO) (1.66%)
- Angling, hunting, nature (6.65%)
- Travel agent (2.22%)
- Other (5.26%)

Regions represented:
(Q2: Which region of Ontario do you operate in?)
- Region 1: Southwest Ontario (9.17%)
- Region 2: Niagara Canada (4.44%); Pan-provincial (4.44%)
- Region 3: Hamilton, Halton and Brant (1.94%)
- Region 4: Huron, Perth, Waterloo and Wellington (3.89%)
- Region 5: GTA (12.50%); Region 13c: Northwest Ontario (12.50%)
- Region 6: York, Durham and Headwaters (4.72%)
- Region 7: Bruce Peninsula, Southern Georgian Bay and Lake Simcoe (11.94%)
- Region 8: Kawarthas Northumberland (5.00%); Region 13b: Sault Ste Marie-Algoma (5.00%)
- Region 9: South Eastern Ontario (8.06%)
- Region 10: Ottawa and Countryside (5.28%)
- Region 11: Haliburton Highlands to the Ottawa valley (2.50%)
- Region 12: Algonquin Park, Almaguin Highlands, Muskoka and Parry Sound (2.22%)
- Region 13a: Northeastern Ontario (6.39%)
- Region 13b: Sault Ste. Marie – Algoma (5.00%)
- Region 13c: Northwest Ontario (12.50%)
- Pan-provincial (4.44%)

Number of employees:

(Q3: How many employees does your business have?)

- 10 or less (56.27%)
- 11-25 (15.32%)
- 26-50 (8.64%)
- More than 50 (12.26%)
- I do not have employees in my business model (7.52%)

Current state of tourism business:

(Q4: What is the current state of your tourism business?)

- Currently open with reduced capacity (in Step 1) (48.46%)
- Temporarily closed (13.73%)
- Preparing to open for Step 3 (11.20%)
- Preparing to reopen for Step 2 (10.36%)
- Permanently closed (0.56%)
- Other (15.69%):
    - Lots of comments on confusion about rules for capacity and reopening for Steps 2 and 3; some businesses can't open (or there is no revenue) until the US border opens; travel agents open but no bookings (no revenue) or bookings are for 2022

When does your business expect to reopen:

(Q5: When does your business expect to open in the province's Roadmap to Reopen?)

- Step 1 (now) (42.50%)
- Step 3 (21.11%)
- Step 2 (12.22%)
- Other (24.17%):
    - 27.59% of 'Other' responses (I.e., 6.65% of all responses) cite needing to wait until the US or international borders reopen in order for their business to reopen or fully restart (e.g., travel agents who are technically open but there are no bookings because of border closures and travel restrictions)
    - More 'other' responses: Expecting to reopen next year (e.g., events, festivals), part of business is open in Step 1 but other parts will reopen in Step 2 or 3, have always been open/never closed but with reduced capacity (e.g. hotels), unsure because guidance is unclear (e.g. motor coaches)

Main Questions Data

Top risks tourism businesses are presently facing:

(Q6: Please indicate the risk your tourism business is facing presently. Select all that apply.)

- Significant loss of cash flow (78%)
- Lack of clarity on regulations to reopen in Step 2 and 3 (47.50%)
- Employee layoffs (42.78%)
- Unable to fill staff vacancies due to tourism and hospitality labour shortage (32.22%)
- Insurmountable debt levels (30.83%)
- Unable to pay staff wages (28.33%)
- Unable to pay commercial rent or mortgage (25.00%)
- Unable to reopen until Step 3 (19.72%)
- Unable to pay commercial utilities (18.61%); Unable to open for the summer season (18.61%)
- Closing my business temporarily (13.33%)
- Closing my business permanently (9.17%)
- Bankruptcy (6.94%)

- Other (23.61%):
  - Border closures (US, international) impacting business
  - Cost of extra advertising to remain relevant and retain customers
  - Uncertain of more sudden lockdowns makes it hard to plan

Revenue declines – comparing revenues this past Victoria Day weekend (2021) with Victoria Day weekend 2019 (pre-COVID-19):
(Q7: Thinking about this past 2021 Victoria Day weekend, would you say that your revenues increased, remained the same, or were down compared to the 2019 Victoria Day weekend?)

- Revenue down by 100% (47.31%)
- Down by more than 90% (13.88%)
- Down by more than 75% (8.78%)
- Down between 51% and 75% (7.93%)
- Remained the same (7.37%)
- Down between 26% ad 50% (6.23%)
- Down between 11% and 25% (3.97%)
- Down by 10% or less (2.27%); Increased compared to 2019 Victoria Day weekend (2.27%)

  Revenue declines among businesses reporting revenue losses (respondents less 'remained the same' and 'increased' = 319 respondents):
  - Revenue down by 100% (52.35%)
  - Down by more than 90% (15.36%)
  - Down by more than 75% (9.72%)
  - Down between 51% and 75% (8.78%)
  - Down between 26% ad 50% (6.90%)
  - Down between 11% and 25% (4.39%)
  - Down by 10% or less (2.51%);

Taking on debt since the start of the COVID-19 pandemic:
(Q8: Have you and/or your business taken on any debt to keep the business afloat since the start of the COVID-19 pandemic?)

- Yes, my business has taken on debt (34.63%)
- Yes, both personally and my business (27.98%)
- No, neither (24.98%)
- Yes, I have personally taken on debt (13.02%)

Amount of debt taken on to keep the business afloat, among all respondents:
(Q9: How much debt have you and/or your business taken on to keep your business afloat?)

- $50,000 – under $100,000 (23.55%)
- None (22.99%)
- $100,000 – under $500,000 (19.94%)
- $25,000 – under $50,000 (12.74%)
- Under $25,000 (8.31%)
- $1M or more (6.37%)
- $500,000 – under $1M (6.09%)

  Amount of debt taken on amongst those who took on debt (respondents less 'none' = 278 respondents):
  - $50,000 – under $100,000 (30.57%)
  - $100,000 – under $500,000 (25.90%)
  - $25,000 – under $50,000 (16.55%)

    - Under $25,000 (10.79%)
    - $1M or more (8.27%)
    - $500,000 – under $1M (7.91%)

Time anticipated to resolve debt incurred during COVID-19 restrictions and resume pre-COVID-19 revenues:
(Q10: How long do you think it will take you and/or your business to resolve any debt incurred during the COVID-19 restrictions and resume pre-2020 (I.e. pre-COVID-19) revenues?)

- 3 years or more (31.39%)
- 2-3 years (21.94%)
- n/a (20.28%)
- 1-2 years (11.94%)
- Indefinite (7.50%)
- 1 year (4.72%)
- 6 months (2.22%)

  Time anticipated to resolve debt and resume pre-COVID-19 revenues amongst those who took on debt (respondents less 'n/a' = 287 respondents)
    - 3 years or more (39.37%)
    - 2-3 years (27.53%)
    - 1-2 years (14.98%)
    - Indefinite (9.41%)
    - 1 year (5.92%)
    - 6 months (2.79%)

Debt impact on future of the business:
(Q11: How will this debt affect the future of your business? Select all that apply.)

- Will cancel expansion plans (52.50%)
- Won't bring back all staff or fill staff vacancies (29.72%)
- Will reduce size of business operations (23.06%)
- Will need to reduce staff wages (13.61%)
- Considering closing the business permanently (9.72%)
- Considering not reopening the business temporarily (6.11%)
- n/a (22.50%)
- Other (17.78%):
    - Impacts to infrastructure and equipment maintenance/upgrades
    - Impacts to personal savings, affecting retirement plans and impacting personal financial stability
    - Debt repayment affects cash flow
    - Missed mortgage payments
    - Will need to pass on costs to customers

  Debt impact on the future of the business, amongst respondents who took on debt (respondents less 'n/a' = 279 respondents):
    - Will cancel expansion plans (67.74%)
    - Won't bring back all staff or fill staff vacancies (38.35%)
    - Will reduce size of business operations (29.75%)
    - Will need to reduce staff wages (17.57%)
    - Considering closing the business permanently (12.54%)
    - Considering not reopening the business temporarily (7.88%)
    - Other (22.94%)

Percentage of business workforce sustained by CEWS:
(Q12: Please indicate what percentage of your workforce you were able to sustain with the Canada Emergency Wage Subsidy (CEWS).)

- I did not apply because I did not qualify (19.61%)
- Under 25% (18.49%)
- 25% - under 50% (14.85%)
- 50% - under 75% (9.52%)
- 75% - under 100% (8.12%)
- 100% (7.28%)
- My application was not successful (1.40%)
- n/a (20.73%)

  Of those businesses receiving CEWS (respondents less 'n/a', 'my application was not successful', and 'I did not apply because I did not qualify' = 208 respondents), the percentage of the workforce sustained by CEWS was:
    - Under 25% (31.73%)
    - 25% - under 50% (25.48%)
    - 50% - under 75% (16.35%)
    - 75% - under 100% (13.94%)
    - 100% (12.50%)

Percentage of employees laid off:
(Q13: Please indicate what percentage of your employees are currently being laid off.)

- None (22.71%)
- I do not have staff in my business model (12.74%)
- 25% - under 50% (12.47%)
- 50% - under 75% (11.36%)
- 75% - under 100% (10.80%); 100% (10.80%)
- Under 25% (10.53%)
- Other (8.59%):
    - Combination of layoffs and terminated staff, or layoffs which turned into eventual terminations, or layoffs and not contracting other seasonal staff as normally would
    - Seasonal businesses with no staff as of yet
    - Terminated staff never hired back
    - Staff were previously laid off but were hired back
    - Reduced wages and/or hours in order to avoid layoffs
    - Layoffs at present will grow by end of month
    - No layoffs but can't hire anyone because of financial uncertainty

Capacity to hire staff:
(Q14: Thinking about your business's workforce needs as the tourism industry reopens and scales back up, what is your current capacity to hire (or hire back) staff to meet consumer demand? Select all that apply.)

- I have been unable to hire staff because my business is not generating enough revenue (45%)
- I have been unable to hire staff due to current labour shortages in the tourism and hospitality industry (e.g. not enough job seekers) (25%)
- I have been unable to hire staff because I am unsure my business will survive (17.78%)
- I have been unable to hire staff because my business is in too much debt (14.72%)
- I have been able to hire staff just fine (14.44%)

- I do not have staff in my business model (11.39%)
- n/a - I temporarily do not plan to reopen my business (3.89%)
- n/a - I plan on closing my business permanently (0.56%)
- Other (19.17%):
    - Unable to hire because too much unknown to hire (when business can reopen, what restrictions/capacity will be like, customer demand, what hours and pay will be like)
    - Unable to hire staff because border restrictions still in place
        - Can't plan as a result
        - Most summer students will have jobs already by the time US border opens
    - Unable to hire staff because uncertain of needs – visitor numbers still unknown
    - Unable to hire staff because reopening rules have too short of notice
    - Unable to hire staff because no work for them to do as of yet
    - Unable to hire because staff require specialized qualifications and these may have expired during lockdown (e.g. lifeguard certification)
    - Unable to hire staff because they are paid by project grants and youth employment programs (uncertainty about continuity of these programs this year)
    - Unable to hire staff now because business is seasonal and therefore not currently fully open
    - No time to hire or do training
    - Not hiring because business has scaled down and therefore capacity reduced (don't need as many staff as before)
    - Unable to hire full-time staff – can only afford to hire part-time
    - Hesitation to go back to work especially to cater to Toronto residents (fear)
    - Unable to hire staff because of uncertainty in sector (e.g. trade and consumer show sector; hiring staff is too risky when unsure if events will go forward)

Most highly-used government supports during the lockdowns since the start of COVID-19:
(Q15: Please indicate which types of government supports you have received during the lockdowns since the start of the COVID-19 pandemic. Select all that apply.)
- Canada Emergency Wage Subsidy (CEWS) (50.56%)
- Canada Emergency Business Account (CEBA) (45.81%)
- Canada Emergency Response Benefit (CERB) (34.36%)
- Ontario Small Business Support Grant (33.24%)
- Ontario Tourism and Travel Small Business Support Grant (25.98%)
- PPE grant program (18.99%)
- Canada Emergency Commercial Rent Assistance (CECRA) (16.48%)
- Canada Recovery Benefit (CRB) (15.08%)
- I did not receive any COVID-19-related government supports (8.94%)
- Northern Ontario Recovery Program (7.26%)
- COVID-19 Energy Assistance Program for Small Business (CEAP-SB) (6.98%)
- Employment Insurance (EI) (6.42%); Highly Affected Sector Credit Availability Program (HASCAP) (6.42%)
- I did not qualify for any of the COVID-19-related government supports (5.87%)
- CRA business income tax deferrals (2020) (3.63%)
- Canada Recovery Caregiving Benefit (CRCB) (1.12%)
- $50,000 interest-free loan via an Aboriginal Financial institution (0.28%)
- Other (please specify) (19.55%):
    - Canada Emergency Rent Subsidy (CERS) - *NOTE: CERS was accidentally left off the survey, but based on the demand for a rent subsidy in Q20, we can surmise that the percentage of businesses using CERS was at least 20% if not higher*

  - COVID-19 Technology Adoption Fund (CTAF); provides businesses, start-ups, municipalities, and Indigenous communities across Northern Ontario w/ access to capital grant funding to acquire digital technology and e-business and marketing solutions to adapt to COVID challenges
  - FedNor grants (e.g. Regional Relief and Recovery Fund (RRRF) grant)
  - FedDev grants (e.g. RRRF)
  - RTO grants
  - Municipal tax rebate and grants
  - COVID-19 emergency support for heritage organizations – Museums Assistance Program

Would your business have shut down had you not taken advantage of government programs meant to support business?
(Q16: Would your business have shut down had you not taken advantage of government programs meant to support businesses?)
- Yes (60.96%)
- No (17.70%)
- n/a (21.35%)

Among businesses who received government support (respondents less 'n/a' = 280 respondents), would your business have shut down had you not taken advantage of government programs meant to support business?
- Yes (77.50%)
- No (22.50%)

How long businesses expect to continue being able to pay ongoing expenses with existing financing, government support, and sales (if applicable):
(Q17: With existing financing, government support, and sales (if applicable), how long can you continue to pay ongoing expenses?)
- Less than a month (5.68%)
- More than a month but less than 60 days (6.82%)
- 61-90 days (about 2-3 months) (19.03%)
- 91-120 days (about 3-4 months) (10.80%)
- 121 days – 150 days (about 4-5 months) (9.38%)
- 151 days – 180 days (about 5-6 months) (10.23%)
- 181 days – 270 days (about 6-9 months) (7.95%)
- More than 270 days (about 9 months) (30.11%)

Greatest challenges to reopening:
(Q18: What are your greatest challenges related to reopening? Select all that apply.)
- Government restrictions (67.41%)
- Closed borders (56.27%)
- Lost revenue while waiting to open in Step 2 or 3 (51.81%)
- Increased levels of debt (50.42%)
- Lack of clarity on regulations to reopen in Step 2 and 3 (47.08%)
- Attracting new customers (45.40%)
- Staffing (42.06%)
- Winning back old customers (38.72%)
- Cost of changes to meet/adapt to new safety protocols (34.26%)
- Avoiding insolvency (20.89%)
- n/a - I temporarily do not plan to reopen my business (0.84%)

- n/a - I plan on closing my business permanently (0.28%)
- Other (please specify) (12.26%):
    - Consumer confidence
    - Government support tapering off as gradual reopening begins will result in rising expenses that revenue from limited business capacity (I.e. occupancy restrictions) can't cover
    - Remaining relevant to consumers
    - Inadequate tourism-specific government support
    - Province-wide government restrictions that don't reflect local realities

Estimated financial cost of remaining closed between when the province reopened (June 11) until estimated start of Step 3 (July 23):
(Q19: If your tourism business is not allowed to open until Step 3 (of the Roadmap to Reopen), what is the estimated financial cost of remaining closed from when the province reopened (June 11) to the estimated start of Step 3 (around July 23)?)
- $100,000 or more (26.61%)
- $50,000 – under $100,000 (11.20%)
- $25,000 – under $50,000 (7.84%)
- $10,000 – under $25,000 (5.04%)
- Under $10,000 (4.48%)
- N/A (41.74%)
    - Includes businesses opening in Step 1 or 2, as well as businesses impacted by the border closure (for whom the date of reopening is tied to border reopening)
- Other (please specify) (3.08%):
    - Estimated revenue loss of $750,000 – 900,000
    - All revenue lost (e.g. due to event cancellation and no time to plan event in time for Step 3)

For businesses reopening in Step 3 (respondents less 'n/a' = 208 respondents), estimated financial cost of remaining closed from when the province reopened (June 11) until estimated start of Step 3 (July 23) (Q19):
- $100,000 or more (45.67%)
- $50,000 – under $100,000 (19.23%)
- $25,000 – under $50,000 (13.46%)
- $10,000 – under $25,000 (8.65%)
- Under $10,000 (7.69%)
- Other (please specify) (5.29%)

Types of government supports that tourism businesses want to help overcome fiscal challenges to aid long-term recovery:
(Q20: What government support can help you overcome fiscal challenges to aid long-term recovery? Select all that apply.)
- Expansion of eligibility and/or funding for existing grants (e.g. Ontario Small Business Support Grant, Ontario Tourism and Travel Small Business Support Grant) (60.22%)
- Debt forgiveness (51.82%)
- Ontario Tourism Recovery Program (grants for anchor tourism businesses) (45.66%)
- Accelerating the timeframe to reopen under Step 2 or 3 of Ontario's Roadmap to Reopen (45.10%)
- Wage subsidy to increase hourly pay to attract more staff (43.70%)
- Tax breaks (42.86%)

- The removal of limits on business capacity under Ontario's Roadmap to Reopen framework (40.90%)
- More comprehensive information on regulations for reopening in Step 2 and 3 (37.25%)
- Reducing red tape (35.01%)
- Financial aid for businesses disproportionately impacted by US border closure (33.61%)
- Rent subsidy (22.69%)
- Low interest loans (19.89%)
- Other (please specify) (14.57%):
    - Info on US border opening and new requirements for safe travel to enable long-term planning
    - Additional marketing dollars for tourism businesses
    - More tourism-industry specific support
    - Tax breaks for companies exhibiting in trade shows and attendees
    - More money for PPE
    - No more lockdowns
    - Border reopening
    - Easier accessibility for government loans