

COVID-19 - HST&CI An Immediate Impact Management Strategy Recommendations to address the Critical and Immediate Crisis

Context:

We commend the government of Ontario on their swift and unified reaction to the COVID-19 pandemic. We recognize the significance of Bill 186 that amends the Employment Standards Act 2000, Infectious Disease Emergencies, to provide job protection for employees unable to work and who are in quarantine or self-isolation, including parents who need to look after children because of school or daycare closures, or to care for other relatives, retroactive to January 25, 2020. However, we require advanced measures and immediate and robust action to protect and support tourism workers and tourism businesses across every region of the province.

At the Tourism Industry Association of Ontario (TIAO) we know that the government of Ontario is working across ministries and jurisdictions to combat the destruction of livelihoods facing tourism workers and small tourism business and as such we have submitted these recommendations to the government of Canada, and are continuing to consult directly with all implicated provincial ministries. We thank Minister Lisa MacLeod for her strategic and timely response to the crisis, and we look forward to continuing to work with her directly to implement the immediate stimulus tools outlined here.

Evidence Informed Recommendations:

In the wake of the World Health Organization (WHO) declaring COVID-19 a global pandemic, and the subsequent rolling out of border restrictions, calls for social isolation, and all necessary state restrictions to protect public health, TIAO has rolled out a multi-pronged Evidence Generation Strategy (EGS). Including province wide surveys that have solicited more than 4,500 responses as of March 23rd, from every region of Ontario, and every sector of the tourism and hospitality industry.

Additionally, TIAO has been leading direct industry consultations since March 12th and has collected direct feedback from more than 1500 tourism and hospitality stakeholders to date, March 30th. These consultations have focused on the state of the industry and what economic recovery packages will need to include. The following recommendations are directly informed by our EGS and continue to evolve as the all levels of government announce new policy tools, and economic recovery strategy packages.

Jurisdictional Conundrum:

The recommendations found here are primarily focused on the provincial government of Ontario. However, we recognize that all levels of government are working across jurisdictions to combat jurisdictional gaps when implementing immediate economic recovery assistance. As such, some recommendations included, require provincial and federal collaboration.

Purpose:

The purpose of this document is to present an overview of the current state of the Ontario visitor economy and devastating immediate impacts on our heritage, sport, tourism and cultural industries as a result of the COVID-19 virus.

- This document endeavours to present an 'Immediate Impact Management Strategy' (IIMS) that outlines necessary actions that will help stabilize our industries and position them to weather the immediate impacts of COVID-19 Crisis and Emergency measures.

- Once implemented, the IIMS will also assist our industries to address the long and challenging road to recovery.
- We will continue to work with our industries, and once stabilized, we will determine the best course of action to ensure our 'Road to Recovery' is intentional, impactful and successful in restoring our vital visitor economy.

Prior to the onset of the global COVID-19 pandemic, and the necessary state response, the Ontario tourism industry held a position as one of the top economic players in Ontario. With a \$5 billion annual tax revenue, and more than \$36 billion in annual GDP contribution, and as one of the largest employers of young people, tourism in Ontario is a powerful economic force that impacts every region of the province. Tourism is significant to the economy of Ontario, having a larger economic impact than that of forestry, mining, and agriculture combined.

Tourism contributes to Ontario with a double bottom-line - as outlined above, it is an important economic driver, but just as important, the visitor economy is vital in preserving and building what matters most to Ontarians, our valuable heritage, cultural and recreational assets.

In addition, HST&CI is a significant contributor to Ontario's overall mental and physical health and wellbeing. The visitor economy:

- Helps fund important preservation and curatorial work at our heritage and cultural institutions
 - Supports restoration and conservation efforts in our municipal and provincial Parks and Conservation Areas
 - Subsidies local recreational and sport infrastructure
 - Contributes to overall preservation of what Ontario values most

Without the mobility of the visitor economy, our collective industries are in crisis. Other than the severe and drastic impact on the health care system, there is no sector more impacted than the tourism and hospitality industry. We are in unprecedented times, which require unprecedented intervention and support.

TIAO is the official voice to government on behalf of a powerful industry, and we want to communicate the devastating impact of COVID-19 on all tourism businesses and workers across the province.

The following statistics reflect the impact on our industry as collected through our province wide survey from **March 18th to 23rd, 2020¹**:

- **51.81% of tourism businesses are closed temporarily.**
- **More than 27% of businesses are at risk of closing permanently in 3 months' time.**
- **67% of tourism businesses are at risk of closing temporarily in 3 months' time.**

¹ The survey had 3,457 respondents from every region of Ontario. Please note that this data is reflective of the state of the Ontario tourism industry up to March 23rd, and since then we know that the crisis has had a heightened impact on tourism businesses and workers across the province.

- **35% of tourism businesses have laid off staff, and of those 36% have laid off up to 100% off their staff.**
- **Nearly 50% of tourism businesses have seen a drop in sales/revenue in their first 3 months of 2020 compared to their first 3 months of 2019.**

The data shows that with the absence of a visitor economy, our industry is in a crisis of decline, and we require **immediate and robust** economic recovery strategies. We know that the government of Ontario is prepared to uphold the tourism industry through any means necessary, and that “no amount of investment and stimulus is too high, and everything is being considered².”

Without immediate action and stimulus funding directed to tourism businesses and workers, the Ontario tourism industry stands to lose more than 100,000³ tourism workers, and most if not, all small businesses will not recover, jeopardizing the more than \$36 billion annual GDP contribution of our industry.

The following recommendations reflect the input on Ontario’s tourism industry through province wide surveys, with 3,457 respondents, and direct consultation with more than 1000 tourism operators beginning on March 12th. Refer to Appendix A for a break down of key survey responses.

Tools for Economic Recovery

Economic actions required to protect workers and stop the collapse of small businesses during the global COVID-19 pandemic

At this time of unprecedented government-imposed disruption to HSTCIs, we ask Minister MacLeod to continue to work with her counterparts to provide immediate relief for HST&CI - SME’s in the following ways:

Work with Ministry of Municipal Affairs and Housing (MMAH) to:

- Mandate all municipalities to implement an immediate deferral provincial land tax as well as a land use permit or lease fee for Northern Ontario tourism businesses and provide relief for Q2 (April / May/ June).
- Delay Commercial Property Taxes (regardless of any current arrears).
- Coordinate a ‘rent freeze’ on personal rents in Ontario. The Ontario tourism industry is one of the largest employers of youth, and therefore one of the largest employers of renters. With massive layoffs across our industry, tourism and hospitality workers will need financial support through a rent freeze. We anticipate that this will be put in place with a mortgage payment freeze for landlords.

We ask Minister MacLeod to work with Ministry of Energy, Northern Development and Mines (MENDM) and MMAH to:

² Minister Lisa MacLeod, Thursday March 19th Industry Town Hall

³ Based on the Tourism Human Resources Canada calculation

- Mandate all Northern Ontario municipalities to implement an immediate deferral and provide relief for Q2 (April / May/ June).
- Greatly reduce (50%+) water, gas and electricity bills for both commercial operations and for private residences, as both businesses and workers are both impacted by the COVID-19 shut downs and layoffs.

We ask Minister MacLeod to work with Revenue Canada to:

- Work across federal and provincial jurisdictions to ensure that the 75% wage subsidies are delivered to eligible tourism SMEs, and that greater clarity is provided in order to expedite this process.
- Ensure that all impacted tourism and hospitality workers are covered, either through E.I. or the 75% wage subsidy, with a focus on those who operate in the non-standard streams of work. Including, workers in the gig-economy; caterers, banquet workers, and all seasonal workers who have not yet begun their period of employment for 2020.
- Establish special circumstance framework within Bill 186, that recognizes the inopportune timing of the ‘off-season’ impacts on industry staffs, and provide the ability for displaced and laid-off staff to be assessed for E.I based upon the same ‘revenue’ period (Mid-March to Mid-June) from 2019, as opposed to mid-December 2019 to Mid-March 2020).
- Develop credits and incentives for businesses through direct financial aid to continue or start capital expenditures.
- Develop payment deferral for tourism businesses for an indefinite period. Consideration of debt relief measures as businesses work to begin operations after COVID-19 related closures. Funds for financial aid to relieve debts of businesses that acquired debts during the COVID-19 global pandemic.
 - We recognize that on Friday March 27th the government of Canada announced that SMEs will have access to \$40,000 in interest free loans, with a quarter of this loan (up to \$10,000) is eligible for complete forgiveness. We further recommend that this a greater percentage (up to 50% at 20,000) be eligible for complete forgiveness.

Our recommendations reflect the crisis that tourism SMEs are in, as many businesses are closed indefinitely, as the necessary state response to COVID-19 has mandated this for non-essential services. Given the financial impact of this, we recommend a greater focus on debt forgiveness, to ensure that tourism SMEs can recover from the economic crisis, once the state mandated restrictions are lifted.

Additionally, we highlight that tax breaks and deferrals, available to non-Indigenous businesses, are not effective policy tools for First Nation businesses operating under the Indian Act on reserves. We recommend that Minister MacLeod consult with TIAO and Indigenous Tourism Ontario (ITO) to develop policy tools that capture the support needed by First Nation businesses.

We ask Minister MacLeod to work with the Ministry of Finance (MoF), to work with Banks & Credit Unions (and credit cards providers) to immediately:

- Provide no-fee 'mortgage deferral' options to SMEs
- Direct investment into Indigenous organizations who know how to work with Indigenous businesses. Aboriginal Financial Institutes (AFIs) are best situated with the infrastructure in place to deliver any business financial aid to supplement programs covering capital expenditures, operational costs, and closures of SME's. Direct support for the 7 AFI's to specifically support Indigenous tourism businesses would make sense. They can be found here: <https://nacca.ca/aboriginal-financial-institutions/>
- Suspend commercial rent payments up to \$10K for SMEs by coordinating across a database of SMEs that are closed due to COVID-19 restrictions.
- Work with credit card providers to waive interest on all existing balances for three (3) months (Q2 – April / May & June).
- Waive interest on purchases incurred during Q2, and delay payments on corporate cards up to a maximum of \$25K until July 31, 2020.

We recognize Minister MacLeod announced that Celebrate Ontario, OAC, OCAF or Trillium Grant will flow even if events are forced to cancel, and that the MHSTCI will invest almost \$200 Million in 2020. To supplement the Tourism Development and Recovery Fund, we ask Minister MacLeod work with Ministry of Economic Development, Job Creation and Trade, and the Associate Ministry of Small Business and Red Tape Reduction to:

- Provide funding to cover member-based tourism advocacy groups membership fees, and operational costs as many will need to waive membership fees for 2020 considering massive tourism business closures and a freeze on revenue. This funding should target the following advocacy groups:
 - Business Improvement Associations, Chambers of Commerce, Industry Associations

If tourism businesses and operations are closed for indefinite amounts of time our industry risks a permanent loss of our workforce. A significant majority of tourism businesses and operations in Ontario are laying off more than 75% of their workforce. The tourism industry is one of the largest employers of interactive service workers, and many in our industry operate in non-standard employment streams, such as the gig economy. **We require immediate investment and a workforce retention strategy through the following:**

We ask Minister MacLeod to work with the Ministry of Labour, Training and Skills Development (MOLTSD) to:

- Implement Hazard Pay for tourism and hospitality workers who are working in businesses that have been deemed essential services, including hotels and motels.

We further ask Minister MacLeod to work with the MOLTSO to implement Investment in Layoff Aversion Strategies including:

- Investment in improvements and efficiencies to job sharing programs, rapid response service centres to address immediate workforce needs and plan and deliver targeted training to support re-entry and reskilling of workers. Similar efforts undertaken by OTEC and UNITE HERE / Hospitality Workers Training Centre in Toronto after the SARS crisis proved effective in supporting employee retention.
- Significant financial support to small business, much like Australia has done, to help retain staff through market disruption. Remove EI waiting times for workers dislocated as a result of COVID-19. Extend training wage supplement to EI if dislocated by COVID-19.
- Implementing any necessary amendments be made to the ESA to ensure that temporary layoffs made as of March 1st do not become automatically classified as permanent. We recommend that the amendments made to the Manitoba ESA⁴ be implemented in Ontario.

Investment in recovery capacity for workers:

- Support national and provincial tourism workforce development organizations' efforts to engage in crisis response and mitigation, rapid re-employment and local capacity building to develop destination-level resilience to future shocks. Invest in critical response capacity of these organizations and provide flexibility to existing skills training funding to ensure efforts can be adapted to meet current needs.
- Utilizing the 9 Indigenous Education Institutes to help re-entry and re-skilling of workers They can be found here: <https://www.ontario.ca/page/indigenous-institutes#section-3>

Appendix A

Survey Data collected from 3,457 respondents from tourism operators across Ontario, and across all sectors from March 18th to March 23rd 2020

⁴ <https://news.gov.mb.ca/news/index.html?item=47284&posted=2020-03-27>

Q. What actions have you currently taken as a result of COVID-19? Select all that apply

ANSWER CHOICES	RESPONSES	
▼ Closed temporarily	51.81%	1,779
▼ Closed permanently	1.25%	43
▼ Laid off staff	34.89%	1,198
▼ Reduced services	34.83%	1,196
▼ Reduced staff hours	27.55%	946
▼ Other (please specify) Responses	27.84%	956
Total Respondents: 3,434		

Q. If you answered yes to having to lay employees off, please indicate what percentage of your employees are being laid off:

ANSWER CHOICES	RESPONSES	
▼ 1-25%	17.89%	445
▼ 26-50%	6.83%	170
▼ 51-75%	8.96%	223
▼ 76-100%	35.77%	890
▼ Other (please specify) Responses	30.55%	760
TOTAL		2,488

Q: Looking ahead at the next 3 months, please indicate the risks your business is facing. Select all that apply

ANSWER CHOICES	RESPONSES	
Employee Lay offs	52.39%	1,786
Closing your business temporarily	67.64%	2,306
Closing your business permanently	27.37%	933
Unable to pay staff wages	46.32%	1,579
Unable to pay staff sick leave	23.47%	800
Other (please specify) Responses	24.38%	831
Total Respondents: 3,409		

Q. Please report what kind of financial assistance/stimulus your tourism business requires. Select all that apply

ANSWER CHOICES	RESPONSES	
Unlimited Interest free loans	40.16%	1,345
Wage subsidies for employees with reduced hours	43.92%	1,471
Financial support to support to retain laid off employees	42.46%	1,422
Financial support to pay for extended employee sick leave	18.45%	618
Government taxes, dues, and financial demands to be waived for the next 12 months, starting immediately	64.50%	2,160
Debt payment deferral	40.16%	1,345
Extension of income tax deadline	38.25%	1,281
Substantial wage/tax credit for lowest earners	32.43%	1,086
Credits and incentives to continue or start capital expenditures	41.06%	1,375
Other (please specify) Responses	18.57%	622
Total Respondents: 3,349		