

October 8, 2020.

Interim Report - Survey 8.0

Thanks to the support of FedDev Ontario, TIAO has partnered with Public Affairs company Navigator to continue and expand our Evidence Generation Strategy (EGS) as we continue to track the real time effects of COVID-19 on the tourism industry. In survey 8 we increased the number of questions to give us a more in-depth reflection of what is happening on the frontline. A full survey 8 report with regional tables will be released at a later date. Survey 8 data was collected online between 11 and 18 September, 2020 and there were 647 fully completed surveys.

Key findings - Tourism stands at a crossroads

In summary, the survey finds that the benchmark McKinsey report has underestimated the scale of loss in revenue that tourism businesses are suffering. Whilst the McKinsey report estimated that tourism businesses were suffering a 58% reduction in revenue, our survey shows that in fact the average revenue decline is higher at 69%.

Tourism businesses are operating at reduced or limited capacities, forcing them to lay off staff with continuing worries about cash flow to make payroll and pay fixed costs such as commercial rent, utility payments and servicing existing debt.

The survey paints a stark warning to government about the future of the industry. As two-thirds of tourism businesses state they would have closed if it was not for government support programs, with seven out of ten businesses having leveraged some level of support.

The growing threat of a second wave and a regression into more stringent physical distancing protocols has resulted in nearly half of all business owners feeling pessimistic about their businesses future.

Regionally, Northern Ontario continues to suffer the most, with business owners less optimistic than Ontario businesses generally about the future of the businesses. Due to border closures, Northern Ontario businesses are suffering an even higher decline in revenues in comparison to the rest of Ontario.

Key statistics

- **Government support must continue to avert catastrophic consequences:** Two thirds of businesses (65%) state they would have shut down had it not been for government programs such as the Canadian Emergency Wage Subsidy (CEWS). **71%** businesses have accessed some sort of government assistance.
- **Direct financial support is required:** Businesses believe that with continued and prolonged government support they can survive into 2021. They identified tax breaks, the extension of CEWS, support for PPE costs and an improved commercial rent support scheme as essential.
- **Job losses have become permanent:** Nearly **10%** of businesses have laid off their entire staff; with the average number of employees lost on account of COVID-19 per businesses is **19**.
- **Reduced capacity is the new normal:** 51% businesses are open at a reduced or limited capacity, 15% are temporarily closed and 1% are permanently closed.

- **CECREA has failed:** Just 16% of tourism businesses have accessed support from the program.
- **Confidence is fragile:** 46% of businesses owners are pessimistic about the future of their businesses and 51% are pessimistic about the tourism industry
- **Regional disparities continue:** Northern Ontario businesses average revenue declines are on average significantly higher than the rest of Ontario at nearly 75%.

Moving Forward

TIAO is currently using the information collected in this survey to build its pre-budget consultation response to the provincial government. COVID-19 has had a catastrophic effect on the economy, but the tourism industry faces unique and even more demanding challenges than other sectors. The tourism industry requires, second wave or not, prolonged financial assistance to support successful businesses survive unprecedented restrictions on travel and record low consumer confidence. The alternative is mass business failures, hundreds of thousands of jobs losses and the permanent loss of tax receipts and GDP revenue to the Ontario economy as our provincial and international safeguard their tourism industries.

TIAO will be addressing finance Minister Rod Phillip's on the 15th October to present its final recommendations to ensure the survival of our \$36 billion dollar industry and the 200,000 businesses and 400,000 jobs that are an integral part of Ontario's economy.