TOURISM INDUSTRY
ASSOCIATION OF ONTARIO

Re: **Study of the recommendations relating to the Economic and Fiscal Update Act, 2020 and the impacts of the COVID-19 crisis on certain sectors of the economy**

Introduction:

Thank you for the opportunity to present on the direct impact and devastation the Ontario tourism industry has shouldered from the COVID-19 response. We appreciate that the Standing Committee on Finance and Economic Affairs works across partisan lines, to consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies that shape Ontario.

The impact can be described in two ways:

The first being through the job and revenue loss. With a 4.3% GDP contraction in Q2, Ontario is set to lose $18.3 billion in tourism revenue compared to 2019. This same calculation means that we are predicted to lose 129,000 tourism related jobs. These numbers tell the story of an industry that a few months ago was leading economic growth in every region of Ontario, and is now reeling, and fighting off permanent closures, historic layoffs, and bankruptcy.

Secondly, we want to emphasize that tourism businesses are the heart of many communities across Ontario. Globalization has meant that many traditional manufacturing jobs and entire industries have left Ontario communities. Municipalities across Ontario have embraced tourism to grow jobs, businesses, and community infrastructure. When tourism businesses close, many communities lose key infrastructure, vibrant attractions, and are left unable to attract residents, businesses, let alone the broader visitor economy.

Our recommendations on behalf of the tourism industry are put forward with emphasis on our recommendation the province recognize that:

1. We collectively recommend that our industry be provided the ability to re-open, so long as businesses can meet key health and safety guidelines outlined by the province.
2. Our sector needs clear and credible information about the re-opening process. Many tourism businesses have business models that include the sale of perishables. The ability to re-open is a huge risk to those that will spend money to deliver perishable goods.
3. Tourism businesses are in every region of Ontario, and many operate on Crown Land or Reserves. We have a responsibility to ensure that all support delivered to our industry reflects the geographically specific needs of all operations.
4. We need a strong and well executed plan from the provincial government to ensure that we have advanced testing and contact tracing in place in Ontario, that meets global standards. Without that, we will be unable to fully re-open our businesses to the global visitor economy.

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5. Many tourism workers, including newcomers, women, and youth, who have been laid off, are facing permanent dislocation from the workforce. We require a focus on engaging and supporting the most vulnerable laid off workers at every stage of recovery and reopening.

We have divided our recommendations into the categories of Labour, Investment, and Infrastructure. The following recommendations outline key areas that must be targeted for both the short and long-term recovery and stimulus of the tourism industry.

Labour:

Less than four months ago, the tourism industry was facing a growing labour shortage in every sector. Since the onset of the COVID-19 pandemic we are now facing historic layoffs and are at risk of permanently losing most of our workforce.

We commend the government on the swift passing of Bill 186: *Employment Standards Amendment Act (Infectious Disease Emergencies), 2020*, and the most recent amendments to the termination and severance clause. We require the following additional interventions to ensure the viability of our industry and workforce:

- Flexibility for EI qualification for seasonal workers. Many seasonal workers will be unable to meet the required number of hours to qualify for EI over the summer season, and will require flexibility in this area.
- Provincial contribution to the Federal Canadian Emergency Wage Subsidy (CEWS) so that this can be scaled and continued into the recovery phases.
- Continued and expanded investment into recovery and re-skilling work for laid off tourism workers. In particular, continued support for OTEC's Tourism SkillsNet Ontario and the Future Skills Centre.
- Expand support and utilize 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

Investment:

More than 40% of tourism businesses may not make it through the COVID-19 pandemic. Those that do remain economically viable, will be faced with threat of bankruptcy, and most will be operating at reduced capacity, with significant reductions to revenue. The number one thing we have heard from tourism operators throughout the pandemic, is that the only way for them to re-open is to have access to direct financial aid, over debt deferral measures. We recommend:

- Direct financial aid and grants for the tourism and hospitality industry. 80% of tourism businesses are reporting significant disruption to cash flow, and many are facing insurmountable debt levels. Our industry requires direct financial aid, over debt deferral measures.
- Working with the federal jurisdiction to expand the $40,000 interest free loan into a completely forgivable grant for tourism and hospitality businesses facing bankruptcy.
- Direct financial aid and grants for tourism businesses that will require infrastructure upgrades and PPE to be in compliance with all new health and safety protocols, to keep workers and guests safe.
- Government guaranteed small business loans for the tourism and hospitality sector for the subsequent recovery stages. Tourism and hospitality businesses are frequently deemed as high risk and have reduced access to small business loans. We recommend that the province provide guaranteed loans to businesses throughout the recovery stages.
- The development of a tax credit for tourism SMEs to support in the high cost phases of the reopening and recovery from COVID-19.
- Enhanced and continued provincial support for the Ontario-Canadian Emergency Commercial Rent Assistance (OCERCA). Most tourism businesses will be operating at reduced capacity and will require continued support for commercial rent payments. We need enhanced support from the provincial government to ensure that businesses receive protection from evictions when accessing the emergency rent assistance.
- Direct emergency funds delivered to Destination Ontario (DO), to ensure that there is a strong marketing arm ready to promote all regions and tourism businesses in Ontario throughout all recovery stages[1].
- Rescaling taxable income for Ontarians in 2021. We recommend removing the 5.05% on the first $43,906 of taxable income to create a stimulus in direct spending amongst those who contribute the most to the goods and service commodity market.
- 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. As such, we recommend:
    - Direct investment into Indigenous organizations who have the expertise 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

[1] We recommend that the funding for DO be scaled based on the economic recovery package delivered after SARS, factoring in the global scope and severity of COVID-19, as well as inflation.

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.

Infrastructure:

Infrastructure development in Ontario is key to the recovery and economic growth of the tourism industry. Our industry requires advanced building infrastructure and funds, and communication infrastructure across Ontario, with a specific focus on enhancing the accessibility of rural and Northern regions to be able to attempt to recover from the devastation of COVID-19.

We recommend:

- Enhanced Broadband connectivity across all of Ontario, including rural, Northern, and Indigenous communities. This will be a key component of ensuring that tourism businesses and operators are not left behind in the post COVID-19 transformation.
- Grants for tourism businesses to complete capital infrastructure projects. We recommend that tourism specific grants be rolled out through the Regional Opportunities Investment Tax Credit.
- Support to repeal changes to the *Planning Act that* the Ministry of Municipal Affairs and Housing recently passed through Bill 108. These changes place limits on Inclusionary Zoning for affordable housing during a time when lack of access to housing across Ontario is a key issue.
- Consultation with tourism businesses and operators on the infrastructure required to combat extreme weather: floods and heat focus on rural & northern areas across the province.

The Path Forward:

At TIAO, we recognize that COVID-19 is first and foremost a health crisis. However, we know it is also simultaneously an economic crisis that will have a long lasting devastating impact on small business operators, and hundreds of thousands of workers, across every region of the province.

We are here to work directly with government to ensure that the needs of tourism and hospitality businesses and workers are a key consideration, as government rolls out economic recovery packages and develops policy and taxation tools to mitigate the unfolding crisis.