



NOTO Presentation to Ontario Standing Finance Committee

June 5, 2020

Nature and Outdoor Tourism Ontario (NOTO) represents the Resource-based tourism industry. This industry is made up of over 1300 lodges, resorts, campgrounds, cottage rentals and outpost camps across Ontario with over 60% of these businesses located in Northern Ontario. These businesses cater to avid anglers and hunters as well as other outdoor enthusiasts and vacationers.

In Northern Ontario these seasonal businesses and their guests contribute over \$400M dollars in GDP which is retained in Northern Ontario. Quite a contribution for seasonal businesses to generate over a 4-5 month operating season.

As you have heard so far in presentations made before you, the impacts to tourism are severe. The impacts to the Resource-based tourism sector are devastating.

- With the 2020 marketing season cut short and no means to generate revenues, seasonal tourism businesses are being stretched to cover fixed costs like mortgages, commercial aircraft, property and liability insurance, and equipment leases, crown resource fees, maintain staff and simply stay afloat.
- The uncertainty of whether they will have a spring, summer or fall season has made it near impossible to plan or pivot for these small businesses.
- Cancellations from US guests beginning with those booked for the Spring bear hunt have been numerous and tourism operators are finding it challenging to negotiate postponing trips vs cancelling and providing refunds. The challenge for operators is that they use the money from deposits to carry them through the off-season and/or to cover start-up costs for the season so they don't necessarily have the cash to provide refunds to guests who are cancelling due to COVID. At this point we know that a good majority of operators are working with their guests to find solutions.
- In early surveys, bear outfitters reported that if the US border remained closed and the spring hunt was not able to take place, they would lose collectively \$7M. The Spring bear hunt season is (May 1 – June 15) and these losses are now an unfortunate reality.
- A second recent study through NOTO revealed that RBT tourism businesses will lose \$300M if May and June operating months are not able to take place. Those numbers reflect the inability to keep their US guests, so this number will remain close even with a re-opening to the domestic market.



- As you move from the Northeast to the Northwest in Ontario the percentage of US guests grows from 50% to 100%. For many operators in the NW particularly, it will be a challenge to pivot their marketing and business models to target the domestic market. They will need support to do this.
- 15-20% of businesses in this sector are owned by Americans who still are unable to enter Canada. These businesses contribute significantly to our economy and employ many Canadians each year. They are being put at a significant disadvantage and are feeling as though they are being discriminated against. Help from the Government to advocate the importance of their re-entry would be appreciated.
- The financial burden due to COVID on the RBT industry is truly devastating. Many small businesses in this sector are not eligible for the financial support offered by the Federal Government. They are forced to seek additional loans which leaves their ability to recover from COVID on shaky ground.

This critical industry to Ontario's economy needs Government financial assistance regardless of whether we open these businesses today or not. So much financial damage has already been done and many small seasonal businesses are facing serious liquidity issues. Over 60% of these businesses have indicated they may face permanent closure without support. It has been made abundantly clear that deferrals and loans are not the answer.

We must help these dedicated tourism business owners to remain financially viable over the coming months and year to ensure they are here to help our economy recover.

We know that immediately Northern Ontario as a vacation destination will be top of mind for many as travel resumes in the Province. However, the industry will still face numerous challenges.

Some immediate relief that the Province can offer to support this tourism sector are:

1. **MENDM** – NOHFC programs that provide much needed assistance to cover fixed costs, marketing, enhanced protocols as a result of COVID, modifications to business, infrastructure changes, enhancements to services etc. all in the form of grants or interest free loans with longer repayment options.



2. **MNR** – Waiving crown resource fees like land use permits, bear management areas, baitfish licence fees for 2020
 - * modifying regulations around hunting and fishing opportunities to allow extended seasons for 2020
 - * extend licence-free fishing for the whole month of July to encourage domestic experiences
 - * Moratorium on tourism allocation reductions for moose and bear outfitters
 - * Allowing non-resident hunting allocations for 2020 to be used to offer these hunting opportunities to resident hunters
3. **MoFIN** (Ministry of Finance) – Develop a tax credit to small businesses to support the high costs of reopening and recovery from COVID-19
4. **MHSTCI** – (Ministry of Heritage, Sport, Tourism and Culture Industries) Support the existing tourism infrastructure of the RTOs and DMOs and bring in support for the Sector organizations that provide additional important support for tourism businesses across the Province

Another consideration is the reinstatement of a Resource-Based Tourism Licence that would be administered through a sector organization that would ensure a running inventory of the actual number and scope and contributions of this sector. Government would then have an enhanced knowledge of the sector and have better opportunities to collaborate and consult on policy development that would support economic growth for the Province and the industry.

The communities in the North and throughout the Province need this sector of the tourism industry to survive to help rebuild our economy but we will need to work together to make that happen.