



COVID-19 Tourism Modification Pilot Project

for Resource-Based Tourism Operators

September 2021

Prepared by:



McSWEENEY

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COVID-19 Tourism Modification Pilot Project for Resource-Based Tourism Operators

The COVID-19 Tourism Modification Pilot Project is generously funded by:



**NORTHWEST TRAINING &
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Community and Industry Support in Principle:



Cover Image: Property of Slate Falls Outposts.

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A special thanks and acknowledgement to Doug Lawrance, Mayor of Sioux Lookout, for taking the initiative, and on behalf of the Resource-Based Tourism operators in the region of study within Northwestern Ontario, elevating their concerns to the attention of the Federal and Provincial governments.

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INTRODUCTION

On March 17, 2020, the Ontario Government declared a state of emergency under the Emergency Management and Civil Protection Act to cope with the spread of the COVID-19 outbreak and at that time, encouraged people to stay home. On March 18, 2020, Canada and the U.S. agreed to temporarily restrict all non-essential travel across the Canada-U.S. land border. The initial announcement stated that the border would open on April 21, 2020¹. Canada opened the border to fully vaccinated U.S. citizens on August 9th, 2021, 15 months from the date of closure.

The area of northwestern Ontario, midway between Thunder Bay and Winnipeg and incorporating the area in and around the communities of the City of Dryden, Township of Ignace, Municipality of Machin, Township of Pickle Lake, and the Town of Sioux Lookout, has been greatly affected due to the shutdown of the Canada-U.S. border. In particular, the Resource-Based Tourism (RBT) operators have been most drastically hit. The RBT operators run fishing & hunting lodges that are relatively isolated and can only be reached by driving, air, boat, or other access, and/or they run remote outposts that are typically accessible by fly-in only.



Image: <https://visitsunsetcountry.com/cities-and-towns-in-sunset-country-patricia-region>

¹ Prime Minister announces temporary border agreement with the United States, Prime Minister of Canada, March 20, 2020 <https://pm.gc.ca/en/news/news-releases/2020/03/20/prime-minister-announces-temporary-border-agreement-united-states>

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With over 80 RBT operators in the region relying heavily on the support of their American clientele, there has not only been a significant loss of income by the RBT operators (i.e., upwards of 95% loss of revenues) but there has also been a significant impact on the local economy, as these operators support the local economy through purchases of products and services to run their businesses, and as well as the tourists that spend in the local small businesses.

Historically, and as part of the local culture, northwestern Ontario has been focused on hunting and fishing. Sharing this culture with their U.S. clientele, this activity has been one of the mainstays of the region's economy for generations.

In late 2020, before the start of this project, the Municipality of Sioux Lookout, specifically Doug Lawrance as Mayor of Sioux Lookout, along with several RBT operators in the area began to grasp the severity that the Canada-U.S. border closure and 'stay at home' warnings were having on their communities and the RBT operators. They began working together to lobby all levels of government and identify and share resources that could provide any type of support. The project partners undertook a significant amount of effort at that time, dedicated to gathering input from RBT operators and using their feedback to lobby the government for support for the tourism industry in the area of the five communities. This resulted in capturing the attention of the Economic Development Minister, The Honourable Melanie Joly.

The COVID-19 Tourism Modification Pilot Project came about as a result of the input and concerns of the initial group. A larger group was organized with representation from the following groups and individuals including The Northwest Training and Adjustment Board, FedNor, Destination Northern Ontario, Sunset Country, the Sioux Lookout Chamber of Commerce, and Patricia Area Community Endeavours (PACE). Letters of support for the project were received from The Township of Pickle Lake, The City of Dryden, Moosehorn Lodge, Fireside Lodge, Anderson's Lodge, Nutt's Country Cabins, Knobby's Fly-in Fishing, PACE, Sunset Country, and Destination Northern Ontario (DNO). The Township of Ignace and the Municipality of Machin joined the partnership to bring additional support to the project.

The COVID-19 Tourism Modification Pilot Project is based on a comprehensive understanding of the region in and around Sioux Lookout, Dryden, Ignace, Machin, and Pickle Lake; its economy, businesses, and stakeholders; as well as their collective aspirations.

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This report took place over a 6-month period, from April 2021 to September 2021, a time of turbulence and unpredictability. Based on exhaustive research, both qualitative and quantitative, this report presents further actions based on this current research that will assist the RBT operators to survive the next three to five years and to help to rebuild the local economy of these five communities in northwestern Ontario.

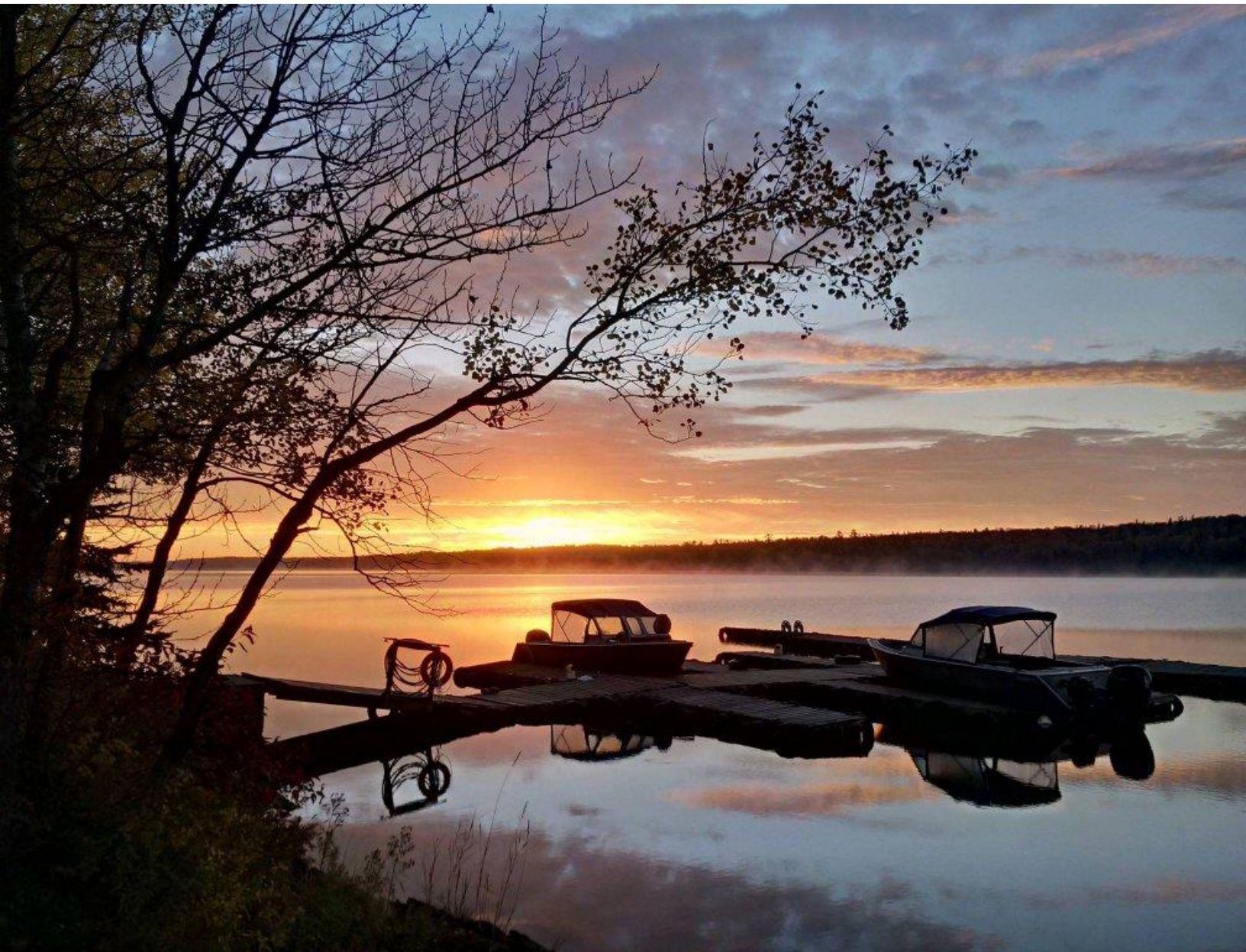


Image: Anderson's Lodge, 2021

Executive Summary

COVID-19 Tourism Modification Pilot Project

COVID-19 Timeline For Resource-Based Tourism (RBT) Operators In Northwestern Ontario



COVID-19
Coronavirus

2019 PRE-COVID 19



- Over 95% of RBT operators' clientele are Americans.
- Most were fully booked for the 2020 season.

2020-21 DURING COVID-19 March 20' - Aug 21'



- Most were shut down and lost two seasons of revenues.
- Revenues were down by approximately 95%.
- Limited cash flow so had skeleton staff, if any.
- Deposits collected in 2019 for 2020, were forwarded to 2021 and now to 2022.
- Endured same types of operating expenses and dealt with rising costs.
- Expenses drastically reduced. (i.e., deferred mortgage payments, took on additional debt, exhausted lines of credit, liquidated assets, etc).
- American clientele did not cancel their 2020 bookings, therefore they could not double book Canadian guests.
- Little to no uptake by Canadians for the fishing/hunting experience – not willing to pay the price Americans will pay.
- Need advance warning of border opening to prepare.

After Canada-U.S. Border Opened – August 27, 2021

- Americans reluctant to come to Canada due to a great variety of reasons.
- Clients were returning in much smaller groups.
- 60% cancellation in the first 14 days after the border opened.
- Only four weeks remaining in their season, and September is their slowest month.
- U.S. State Department urged Americans to reconsider travel to Canada.

2021+ MOVING FORWARD WITH COVID-19



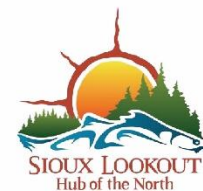
- Upwards of 3 to 5 years or more for RBT operators to recover.
- Need to start paying back loans received during COVID-19.
- Full mortgage payments resuming.
- Few and/or underqualified applicants for the jobs that will be available.
- Difficult to prepare for 2022 season due to unclear COVID-19 policies and restrictions.
- Business modification/diversification is a change in mindset for most.
- New marketing approach to attract a new type of clientele and experience.

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Executive Summary

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Summary Of Actions Required To Move Forward



COVID-19
Coronavirus

Theme 1: Financial Sustainability

Actions

- Engage with the Municipal, Provincial and Federal government project partners to examine potential government policies and financial tools aimed at providing additional financial support to RBT operators in a fair and equitable manner.
- Assist RBT operators in expanding their products & services, and lengthening their season, by continuing to share funding and business support to ensure awareness of all opportunities made available to aid priorities such as infrastructure improvements.



Theme 2: Securing a Reliable Long-Term Workforce

Actions

- Work with RBT operators (and other similar business types) to best understand their current and future labour requirements, examine workforce development issues, and undertake a post-COVID-19 workforce development action plan to attract and retain employees to this industry.
- Engage with RBT operators to best understand which community assets are needed to ensure success in employee attraction and retention, specifically for their business types (ie. housing, transportation, childcare, health care, schooling, etc.).



Theme 3: Finding New Markets Through Modifying Approaches to Marketing & Communications

Actions

- Develop a social media and digital marketing training program aimed at improving the overall digital presence of the RBT operators in Northwestern Ontario (i.e. Digital Main Street).
- Undertake an assessment of current and future demographics of the RBT clients and examine the most appropriate digital marketing tools to attract this demographic to Northwestern Ontario.
- Engage RBT operators to develop and implement a social media marketing campaign utilizing multiple social media platforms (ie. Instagram, Snapchat) and tactics such as social media influencers and photo tagging.



**ACTIONS
REQUIRED TO
MOVE
FORWARD**

Community and Industry Support in Principle:



1. PURPOSE/CALL TO ACTION

In northwestern Ontario, those hardest hit within the region of study include RBT operators that rely mainly on American clients and tourists as their sole customer base. Both 2020 and 2021 were years in which several operators saw upwards of 90% reduction in both their client base as well as their revenues, while others saw a 100% reduction as they were forced to remain closed. For most RBT operators, this financial burden will be carried forward for several years and will greatly diminish their ability to grow or expand their business operations.

In October 2020, Doug Lawrance, the Mayor of Sioux Lookout, reached out to the Honourable Melanie Joly, outlining the dire state of the tourism industry in the five communities, and the urgency of the situation. Issues facing the RBT operators in three key areas were described in the letter in great detail, specifically around the Canada-U.S. border opening, financial aid, CEWS and CEBA. One year later these issues are still of concern and have become exacerbated due to the loss of two full seasons.

The objectives of the COVID-19 Tourism Modification Pilot Project, based on the situation in early 2020 were to:

- Understand the RBT industry in this region and the current situation of the RBT operators.
- Uncover the effects of the pandemic on the industry in the regional area.
- Understand the needs of the businesses moving forward to ensure their success and the success of the area.
- Provide COVID-19 based support opportunities such as training, policies/guidelines, physical modifications, etc.
- Provide business modification/market diversification opportunities for the RBT operators.

With the opening of the Canadian border (allowing fully vaccinated American travellers to enter Canada via a land crossing), the large majority of RBT operators feel that in 2022, their bookings and reservations have returned, and their clients will return with it. As such, the true long-lasting impacts of the COVID-19 pandemic will not be known until the spring of 2022, which is the expected return of a normal season and the return of regular/already booked American customers.

At the time of preparing the background research and consultation of this report, by far the most urgent issue was the reopening of the Canadian/American border. The border reopened to American land crossings on August 9, 2021. This reopening has been met with mixed emotions with several RBT operators indicating it's too little too late, while others scrambled to make the best of the remaining weeks and try to salvage what was left of their season. Most operators also indicated they do not currently need training for COVID-19 health and safety procedures and protocols but depending on the state of the pandemic when they reopen in 2022, may need training. When this report was being prepared, the COVID-19 health and safety protocols for 2022, are currently unknown.

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At the time of writing this report, the border has reopened (with restrictions and COVID-19 protocols in place), but the business climate and situation across Canada are still very fluid and change almost weekly. Either already in or entering the fourth wave with emerging variants causing COVID-19 numbers to rise once again, the debate around restrictions for those who are not yet vaccinated, and the notions of COVID-19 Vaccine passports are topics that are once again muddying the opportunities for the RBT operators to attract their American guests. Couple this with the looming Federal election, and the situation is still very unstable/unpredictable.

Moving forward, based on the research and the consultation with the RBT operators, it is clear that three specific themes arose on which the partner sponsors of this report can provide support and guidance.

The three areas of focus are:

1. Financial Sustainability
2. Securing a Reliable Long-Term Workforce
3. Finding New Markets Through Modifying Approaches to Marketing & Communications

The strategy includes:

- The identification of priority areas of focus that will **assist in the continued support for the RBT operators, expand existing business operations** and help support the local economy.
- **Immediate actions** necessary to help the RBT operators, provide them with competitive advantages and priority opportunities, as well as address any challenges.

The issues and themes noted above are highlighted in the following infographic and discussed in more detail in the body of this report.



Image: Anderson's Lodge, 2021

2. PRIORITY ACTIONS

The top priority that needs to happen before anything else can be instituted is to formalize the partner committee and appoint a chairman/lead to push this agenda forward. Without this strong, cohesive, and committed group of representatives from the key organizations on the current partner committee as well as the representatives from the communities of Dryden, Ignace, Machin, Pickle Lake and Sioux Lookout, all the good work that this partner committee has started will lose momentum. Without a formalized committee there will be no one to undertake the actions that are presented in this report.

This committee should follow up with the RBT operators, particularly the 32 operators that were consulted with, to acknowledge their participation as well as providing feedback on the report and keeping them informed as to the progress of the report. It would also be prudent to provide an update to all of the RBT operators that are in the area regarding the outcome of this report.

This committee needs to continue to be the group that lobbies:

- a. The federal government to keep the border open and to make the process of coming over the border seamless and predictable for Americans to cross into Canada.
- b. The provincial government to ensure that the RBT operators are recognized as important drivers of the northwestern Ontario economy and that they get the required support that they need for their businesses.
- c. The Insurance Bureau of Canada for the reduction of insurance costs.
- d. The Ontario Energy Board for reduced hydro rates.

Eight actions have been outlined in detail in **Section 6** under the three themes that have been established. **The top 3 actions that need to be addressed immediately are as follows:**

Theme 1: Financial Sustainability

- Engage with the Municipal, Provincial and Federal government project partners to examine potential government policies and financial tools aimed at providing additional financial support to RBT operators in a fair and equitable manner.

Theme 2: Securing a Reliable Long-Term Workforce

- As a part of the post-COVID-19 workforce development action plan, engage with RBT operators to best understand which community assets are needed to ensure success in terms of employee attraction and retention specifically for their business types. Examples of community assets could include housing, transportation, childcare, health care, schooling, etc.

Theme 3: Finding New Markets Through Modifying Approaches to Marketing & Communications

- There are different levels of sophistication within the social media presence of the RBT operators within northwestern Ontario. Some operators are completely set up to market themselves and conduct business online, while others are still only accepting cheques as forms of payment with no online presence at all. To ensure the RBT operators can move to an online platform of doing business (including marketing) develop a social media and digital marketing training program aimed at improving the overall digital presence of the RBT operators in Northwestern Ontario (i.e., Digital Main Street).



Image: Anderson's Lodge, 2021

3. PROCESS FOLLOWED

The process followed for the COVID-19 Tourism Modification Project research was comprised of a document review, a review of the tourism economy in the area, that yielded a current situational analysis report, after which a thorough consultation process was followed.



Document Review – over 30 reports and studies including previous surveys, briefing notes, strategies, needs/gaps assessments, marketing plans, COVID-19 protocols, etc., were reviewed and considered during the development of this report.

Situational Analysis – a review of tourism best practices during COVID-19 in the spring of 2020 and the impacts of the COVID-19 pandemic on RBT operators was completed.

Consultation with RBT operators – 40 interviews and discussions were completed with RBT operators both before the Canadian/American land crossing/border was reopened as well as follow-up interviews after the border was reopened on August 9, 2021.

COVID-19 Tourism Modification Report – a report was prepared to outline not only the findings of the research, analysis, and consultations but also actions aimed at providing both short and long-term support to the RBT operators within the region of study.

4. STAKEHOLDER CONSULTATIONS

4.1. Strategy Consultation Process

The strategy consultation process that was followed included:

- 32 confidential one-on-one interviews with RBT operators during June and July 2021. These interviews were distributed through the five communities ensuring an equal percentage of representation in all communities.
- A second round of interviews in August 2021, in the first 2 weeks after the border opened. Spoke with 8 key RBT operators to have a better understanding of their new situation and the support they required immediately as well as in the next 3 to 5 years.
- 4 Partner Committee Meetings to update the committee and to continue to get direction and understanding of the situation as it moved forward.

**OVER 32 RBT OUTFITTERS
WERE CONSULTED THROUGHOUT THIS PROCESS.**

The following five open-ended questions were asked of the RBT operators:

1. How has the pandemic affected your business to date?
2. What have you had to do to modify operations during the pandemic? Strategies your business has taken to modify operations during the pandemic.
3. If the government said your business could re-open today, how long would it take you to prepare?
4. What types of support are required for re-opening?
5. What types of opportunities will you undertake to improve revenue streams for your business when they reopen?

All the RBT operators were very upfront and openly grateful to have the opportunity to present their plight in a conversation as opposed to online surveys. Most were optimistic about the future of their industry and were extremely anxious to open and welcome back their American clientele.

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4.2. What We Heard from the RBT Operators

4.2.1. What We Heard - Overall Observations

The RBT operators consulted were very diverse in terms of size, ownership, and complexity – but all of them have essentially been shut off from their primary customer base which is Americans. Most are well established and have been in existence for decades; their businesses often generational.

- The majority of the RBT operators' clientele (i.e., over 95%) are Americans generally coming from the Midwest U.S., including Wisconsin, Minnesota, Iowa, and Illinois, within approximately a 10-hour drive from northwestern Ontario.
- Most businesses are shut down or if they are open are working with a skeleton staff.
- The closure of the American border has created conditions that restrict all travel and has made it impossible for their American clientele to enter Canada over the past 15 months.
- No one considered that the Canada-U.S. border would be closed for a full two seasons.
- The closure of the provincial borders and stay-at-home orders created conditions that restricted all travel.
- Some businesses have tried to modify their operations but are not set up for winter accommodations or take-out service, for example.
- There is a perception/reality that Canadians are not willing to pay for the same experience as Americans.
- Marketing to Canadian customers particularly those in Ontario or Manitoba has proven fruitless.
- The demographics of the existing clientele that have been coming to these camps/resorts are generally male and ageing (i.e., in their 60s to 80s).
- The Ontario population cannot support the industry. The regional population is too small to make up for the loss of American clientele and the largest population in Ontario, located in southern Ontario, is a 22-hour drive, offering ample options between southern Ontario and northwestern Ontario to hunt and fish in closer proximity to home.
- Funding programs (e.g., NOHFC, Federal/Provincial business loans) have been helpful, but for most it is a drop in the bucket.

“ This entire industry has been and continues to be utterly abandoned by government. ”

-Anonymous consultation participant

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4.2.2. What We Heard – Reduced Revenues

All businesses have had an extreme reduction in revenues:

- This ranges from small camps that normally generate \$200,000 per year to larger camps that generate \$2,000,000 (plus) per year.
- They have lost two seasons of revenue. 2020 was a disaster with a 95% reduction in revenues and 2021 is tracking the same way, due to the opening of the border so late in the season.
- RBT operators' revenues are down by approximately 95% due to their heavy reliance on their American clientele.
- Deposits collected for the 2020 season were forwarded to 2021 and many of those same deposits have now been forwarded to 2022.

**A lot of camp owners are feeling completely defeated right now...
The biggest need of the Resource-Based Tourism operators right now is
\$\$\$\$**

4.2.3. What We Heard – Ongoing Costs

All businesses have had to endure the same types of operating costs as they always have, as well as dealing with rising costs:

- Mortgages and taxes.
- Equipment payments (e.g., boats, motors, planes, etc.).
- Energy (e.g., gas, propane, hydro).
- Annual maintenance (particularly normal start-up costs that need to be done whether there are clients or not).

4.2.4. What We Heard – Reducing Operating Expenses

Most had to do one or more of the following to drastically reduce operating expenses:

- Deferred mortgage payments or only paid the interest, as per COVID relief parameters.
- Extended/exhausted their lines of credit.
- Liquidated assets.
- Took on additional debt just to survive.
- Took on full-time jobs outside of their business to pay the bills of the resort to keep it going.

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- Did not take a paycheck for themselves.
- Reduced services that they generally offer.
- Cancelled insurance.
- Rented out accommodations for long-term workers in the area.
- Reduced or eliminate staff.
- Kept property closed for all or a portion of the season.
- Eliminated major purchases and limit capital improvements.

And RBT operators are now looking towards the future when:

- Full mortgage repayments resuming if they have not already: “principal loan payments are resuming if they haven’t already in 2021...”.
- Loans received during COVID-19 requiring pay back starting in 2021.

Losses could take years to rebuild, which parallels the federal government’s predictions².

4.2.5. What We Heard – Issues Around Staffing

- Staffing numbers range from a few part-time house cleaning staff to upwards of 40 (plus) full-time season staff.
- Programs such as CEWS have been helpful for some, but not for all.
- RBT operators have not been able to hire back staff and those that have staff have a skeleton crew.
- The full-time/seasonal staff that do not get enough hours will not be eligible for EI benefits.
- Staffing continues to be a short-term and longer-term issue – pre and post COVID-19.
- Some staff are unwilling to return to their jobs due to the availability of the CERB benefits.
- Limited cash flow to hire staff.
- There are few and/or underqualified applicants for the jobs that are available when the border opens and business resumes.

² Revisiting Tourism: Canada’s Visitor Economy One Year into the Global Pandemic, Destination Canada, March 2021

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4.2.6. What We Heard - Issues Impacting the Reopening of Camps/Resorts

The uncertainty around the border opening has handcuffed many of the businesses. The RBT operators have been in constant contact with their clientele since the closure of the border and have been updated on their status over the past 15 months.

- Most camps/resorts were fully booked with reservations for American customers and deposits were made in 2019 for 2020. These deposits were carried over in the hope that the border would be open in 2021. Most of these deposits have now been deferred to 2022.
- RBT operators are loyal to their returning clientele and would not double book to accommodate Canadian guests. Their American clients had not cancelled, believing the border would be opened in the summer of 2021.
- The RBT operators require an advanced warning of the border opening in order to set up their camps/resorts to accommodate their clientele. It will take operators anywhere from a week to three weeks to be fully functional.
- It is unclear as to exactly what COVID-19 policies and restrictions will be in place when the RBT operators finally do open in 2022, beyond the basics that have been set out by the province, to date. Most operators do not feel that they need training in COVID-19 protocol at this time but may need training before they open depending on the policies and restrictions that will be in place.
- RBT operators are putting in place their own COVID-19 policies and safety protocol, and changing the way they operate, adding signage, closing some services that were offered in the past, etc., based on what they understand is required presently.

4.2.7. What We Heard - Modifications/Diversification to Improve Revenues

Business modification/diversification is a change in mindset, and some have tried to bring in other experiences/services and clientele in the past, but those modifications/diversifications do not bring in the revenues that the Americans bring in for fishing and hunting.

- Most owners are looking at COVID-19 as a blip, as terrible as it is, but once the border reopens and the 2022 season begins, they are convinced that their American clientele will return to hunt and fish.
- Most owners are in the hunting and fishing business because it is part of their lifestyle.
- There are not enough Ontario hunters and fishers to replace their American clientele.
- Canadians are not open to paying the same prices as Americans for the fishing/hunting experience.

Even though the mainstay for most of the camps/resorts is hunting and fishing a select few are realizing the importance of not putting 'all their eggs in one basket'. During the closure of the

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border, some RBT operators attempted to modify/diversify their business to bring in a modicum of revenues during the pandemic, and/or are planning to modify/diversify their business for the future.

Those that have been modifying/diversifying their businesses are working to attract new clientele and expand their services/experiences.

Diversifying clientele and reaching out to attract:

- Families and a younger demographic (i.e., millennials).
- Canadians (local, Manitoba, Thunder Bay, etc.).
- International visitors.

Modifying/diversifying services/experiences now and/or to prepare for the future:

- Offering winter experiences (e.g., ice fishing, snowmobiling, etc.).
- Offering family-based activities (kayaking, canoeing, water activities, etc.) and opened up campsites.
- Offering air charters (e.g., day visits to White Otter Castle, day fishing trips, providing the indigenous community with supplies).
- Developing and renting out accommodations to those that are not interested in the fishing and hunting experience.
- Providing space and accommodations for conferences and events.
- Working with the indigenous community and offering cultural experiences (e.g., snowshoeing, setting fish net in ice, etc.).
- Offering eco-tourism experiences (e.g., canoe trips, viewing the northern lights, etc.).
- Renting out dock-slips.
- Opening restaurants for take-out and offering local cuisine.
- Opening retail operations to support clients.

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4.2.8. What We Heard – Americans Are Reluctant to Come to Canada Since the Border Opened

In mid-August 2021, after the Canada-U.S. border opened, further consultations were undertaken to better understand if clients were returning to the RBT operators as was anticipated in the earlier consultations. The following is feedback from discussions with 8 key outfitters that have been in direct contact with their American clients.

There are U.S. guests that are booked, and it is anticipated that some will be returning to Canada over the remainder of the 2021 season, but most (i.e., 60% or more) are not returning this year for a variety of reasons including:

- They are not double vaccinated, and many do not plan on ever getting vaccinated.
- It was very short notice when the border finally did open, and Americans were not prepared to make the trip to Canada.
- They did not think the border was going to open, so made other plans and took their vacations elsewhere in the U.S.
- They are concerned that it is going to be too complicated and too long of a process to get across the border. They do not want to drive all that way to the border to get turned away if something is not filled out properly³.
- It is too difficult to get a test within 72 hours of crossing the border, especially for the Sunday groups that start driving on Thursday or Friday.
- They are worried about an outbreak at home and testing positive.
- There are questions about the random test at the border and “what if” scenarios.
- There are questions about the quarantine plan once they get into Canada.
- There are general concerns about the lack of clarification around crossing the border.
- Their clientele are generally older males (from 60 and up into their 80's) and are sometimes not as comfortable doing payments, etc. online and are much more nervous about travel during COVID-19.
- Different border crossings are creating different experiences. Depending on the border crossing there have been wait times as short as 10 minutes and up to 7 hours.

³ Reminder - ON August 9th, new public health measures will come into force affecting travel to Canada, Government of Canada, August 5, 2021 <https://www.canada.ca/en/border-services-agency/news/2021/08/travel-advisory-reminder--on-august-9th-new-public-health-measures-will-come-into-force-affecting-travel-to-canada.html>

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4.2.9. What We Heard – Status Since the Border Opened

The border opened on August 9, 2021, 15 months after it closed. although the RBT operators are ecstatic that the border is now open, the feedback from the RBT outfitters is grim:

- They have only about 4 weeks remaining in their 2021 season, and September is normally the slowest month of their season.
- When their clients have returned, they are returning in much smaller groups.
- There has been up to 60% cancellation in the first 14 days since the border opened.
- The operators are using only 50% of their facilities due to the restrictions around COVID-19 policies, so can only accommodate half the number of people they could prior to COVID-19.
- They are looking at only 40% of the revenues or less this September, based on their average revenues in past Septembers.
- Financially trying to survive the 2021/2022 winter season and getting ready for the opening of the hunting and fishing season in 2022.
- On August 30, 2021, another setback came into effect when the U.S. State Department began urging Americans to “reconsider travel” to Canada due to what the Centers for Disease Control call “high levels” of COVID-19 infection. The new Level 3 travel advisory marks a quick end to a three-week period when the warning to would-be travellers to Canada had been eased to “exercise increased caution.”⁴



⁴ <https://www.ctvnews.ca/health/coronavirus/americans-urged-to-reconsider-travel-to-canada-by-u-s-cdc-1.5567392>

5. SITUATIONAL ANALYSIS - A SNAPSHOT OF THE TOURISM ECONOMY IN THE REGION

5.1. The Tourism Economy in Sioux Lookout and Surrounding Area

Sioux Lookout and the Surrounding Area⁵ have approximately 335 businesses operating directly within the Tourism sector, which accounts for nearly one-quarter of all businesses in the Area (22.3%). Within the Tourism sector (listed in Table 1), Accommodation and food services is the largest sector, which captures 10% of all businesses in the Area. According to the Canadian Business Registry, as of June 2020, there were 60 hunting and fishing camps in Sioux Lookout and the Surrounding Area, accounting for 17% of all Tourism businesses in the area (or 4% of all businesses in the Area).

The data illustrated in this section of the report shows that tourism is a key sector in the region. This set of interconnected industries have a large footprint on the local economy and will need to reassess and readjust their business models to ensure they remain sustainable as we come out of the pandemic.

Table 1: Tourism Business Patterns, 2020

Sector	Total	% of Total
Information and cultural industries	19	1.3%
Arts, entertainment and recreation	21	1.4%
Accommodation and food services	151	10.1%
Retail trade	144	9.6%
Total	335	22.3%

Source: EMSI 2021Q2 based on Statistics Canada's Canadian Business Patterns - June 2020. Note: The outfitters of interest for this study fall under Accommodation and food services.

Definition of 721 Accommodation services

This subsector comprises establishments primarily engaged in providing short-term lodging for travellers, vacationers, and others. In addition to lodging, a range of other services may be provided. For example, many establishments have restaurants, while others have recreational facilities. **Lodging establishments are classified in this subsector even if the provision of complementary services generates more revenues.**

Establishments that operate lodging facilities primarily designed to accommodate outdoor enthusiasts are also included in this subsector. These establishments are characterized by the type

⁵ The Surrounding Area includes Ignace, Machin, Dryden, and Pickle Lake

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of accommodation and by the nature and the range of recreational facilities and activities provided to their clients.⁶

Establishments that manage short-stay accommodation establishments, such as hotels and motels, on a contractual basis are classified in this subsector if they provide both management and operating staff. These establishments are classified according to the type of facility they manage.

- Fishing & Hunting Lodges:
 - Fly-in, Boat-In and Other Access Lodge: hunting or fishing lodge that can only be reached by air, boat, rail or other access, typically offering packaged rates, priced per person with/without meals (inc. cabin rentals)
 - Drive-In Lodge: hunting or fishing lodge that is accessible by road.
- Remote Outposts:
 - Property (typically fly-in or ATV/self) with one or more cabins.

The following table further maps the size of the largest industries within the tourism economy. Overall, the tourism economy that can be accounted for (jobs, wages, and sales) is estimated to represent over 8% of employment, 7% of total sales and 5% of income derived from wages.

Table 2: Regional Jobs, Wages, and Sales for Largest Tourism Industries

Industry	Jobs	Wages	Sales	Average Wages
Full-service and limited-service restaurants	595	\$9,422,825	\$36,214,090	\$15,836
Traveler accommodation	338	\$6,223,789	\$37,112,989	\$18,438
Recreational vehicle (RV) parks and recreational camps	159	\$5,947,030	\$42,272,747	\$37,347
Non-scheduled air transportation	170	\$6,750,385	\$50,146,894	\$39,803
Scheduled air transportation	86	\$3,628,416	\$26,954,580	\$42,195
Special food services	38	\$829,632	\$3,188,466	\$21,866
Support activities for air transportation	31	\$1,371,620	\$7,595,224	\$44,321
Food merchant wholesalers	29	\$781,653	\$3,113,791	\$26,618
Office supplies, stationery and gift stores	29	\$440,982	\$1,447,585	\$15,175
Other amusement and recreation	47	\$1,171,953	\$3,867,959	\$25,171
Other miscellaneous store retailers	18	\$245,568	\$806,111	\$13,618
Support activities for water transportation	13	\$587,695	\$3,254,308	\$44,207
Taxi and limousine service	11	\$337,161	\$4,204,705	\$31,134
Total	1,563	\$37,738,708	\$220,179,449	
% of Total	8.38%	4.80%	6.57%	

Source: EMSI 2021.Q2 based on Statistics Canada's National Input-Output Table 2017

⁶ North American Industry Classification System (NAICS) Canada 2017 Version 2.0, Statistics Canada

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The following table illustrates the occupations with the largest employment levels within tourism industries. The fastest projected (%) job growth over the eight years is for bartenders; accommodation, travel, tourism and related services supervisors; and supervisors in supply chain, tracking and scheduling co-ordination occupations.

Table 3: Regional Labour Demand within Tourism Industries by Occupation

Occupation	Employed in Tourism Industries (2020)	% Change (2020 - 2028)	% of Total Jobs in Tourism Industries	Median Hourly Wages
Retail salespersons	240	(0%)	11.4%	\$14.13
Cashiers	165	(3%)	8.0%	\$14.10
Retail sales supervisors	116	10%	5.3%	\$18.06
Store shelf stockers, clerks and order fillers	107	(2%)	5.2%	\$14.14
Light duty cleaners	95	6%	4.4%	\$15.59
Letter carriers	44	(1%)	2.1%	\$27.02
Customer services representatives - financial	40	(9%)	2.0%	\$17.87
Air pilots, flight engineers and flying instructors	40	6%	1.9%	\$44.34
Food counter attendants, kitchen helpers and related support occupations	41	12%	1.9%	\$13.97
Hotel front desk clerks	34	0%	1.6%	\$14.76
Retail and wholesale trade managers	29	(52%)	1.6%	\$31.92
Mail, postal and related workers	30	3%	1.4%	\$22.87
Butchers, meat cutters and fishmongers - retail and wholesale	29	(1%)	1.4%	\$15.51
Operator/attendants in amusement, recreation and sport	28	0%	1.3%	\$14.81
Landscaping and grounds maintenance labourers	28	5%	1.3%	\$20.08
Service station attendants	27	(8%)	1.3%	\$14.23
Food and beverage servers	26	(15%)	1.3%	\$14.86
Aircraft mechanics and aircraft inspectors	26	8%	1.2%	\$36.33
Contractors and supervisors, landscaping, grounds maintenance and horticulture services	24	15%	1.1%	\$28.70
Railway conductors and brakemen/women	23	(18%)	1.1%	\$39.25
Hairstylists and barbers	23	8%	1.1%	\$15.10
Cooks	22	(4%)	1.1%	\$14.35
Bakers	23	13%	1.0%	\$14.47
Estheticians, electrologists and related occupations	22	11%	1.0%	\$14.94
Program leaders and instructors in recreation, sport and fitness	21	15%	1.0%	\$15.04
Janitors, caretakers and building superintendents	20	(1%)	1.0%	\$21.07
Automotive service technicians, truck and bus mechanics and mechanical repairers	20	9%	0.9%	\$25.01
Managers in transportation	19	14%	0.9%	\$34.20
Chefs	18	15%	0.8%	\$17.43

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Supervisors, supply chain, tracking and scheduling co-ordination occupations	18	16%	0.8%	\$24.43
Bartenders	17	20%	0.8%	\$15.61
Contractors and supervisors, mechanic trades	16	7%	0.7%	\$34.62
Accommodation, travel, tourism and related services supervisors	16	17%	0.7%	\$21.78

Source: EMSI 2021.Q2

5.2. Understanding the Current Situation in Sioux Lookout, Machin, Dryden, Ignace and Pickle Lake Region

The State of the Industry Prior to COVID-19

Northwestern Ontario is a world-class destination, with a great reputation for hunting and fishing. The RBT operators are seasonal outfitters, very often family-run, and cater to hunting and fishing experiences. The majority of their support, upwards of 95% of their clients, coming from the Midwest U.S. specifically those states within approximately a 10-hour drive mainly Wisconsin, Minnesota, Iowa, and Illinois.

This industry has a long history in this area. Most of the camps/resorts are well-established, long-time owners, and have been in existence for decades and are often passed down through generations. Generally, their American clients are repeat customers, willing to pay a premium price for the experience, with many that have been coming to the camps/resorts for up to 40 years. Due to the success of this industry over the decades, they have had a significant impact on the local economy.

Business modification/diversification has been an ongoing discussion for many years. There has been extensive research completed, as far back as 2001 by the Ministry of Northern Affairs, regarding the importance of modifying/diversifying RBT businesses with an



U.S. Tourists are Essential for the Survival of Northern Ontario Tourist Operators

02

U.S. tourism is significant and essential for the north as there are approximately **1.0 million U.S. visitors annually**, spending **\$466 million**. U.S. visitors comprise up to **95%** of the business for many Northern Ontario tourist operators and this business occurs in the spring and summer. Getting half of the usual U.S. tourists would have a direct economic impact of \$233 million in tourism revenue, millions of dollars in tax revenue and the return of thousands of jobs.



**\$466 million
in Tourism
Receipts**



**1.0 million
U.S. Visitors
Annually**

Source: Why the Northern Ontario Border Crossing Pilot Project is Practical and Essential – Brief, NOTO, Destination Northern Ontario, TIAO

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exhaustive list of options provided at that time⁷. As well, Dryden's Tourism Development Strategy from 2009, describes opportunities that could also be applicable to any of the camps/resorts in the area today.

Some RBT operators have attempted, in the past to diversify by offering different experiences and targeting Canadians but it does not bring in the revenues that the Americans bring in for fishing and hunting.

Before COVID-19, the RBT operators were anticipating their best year ever and were fully booked for the 2020 season.

The State of the Industry During COVID-19

Since the beginning of the pandemic in March 2019, the local economy of northwestern Ontario has been severely impacted due to the Canada-U.S. border closure.

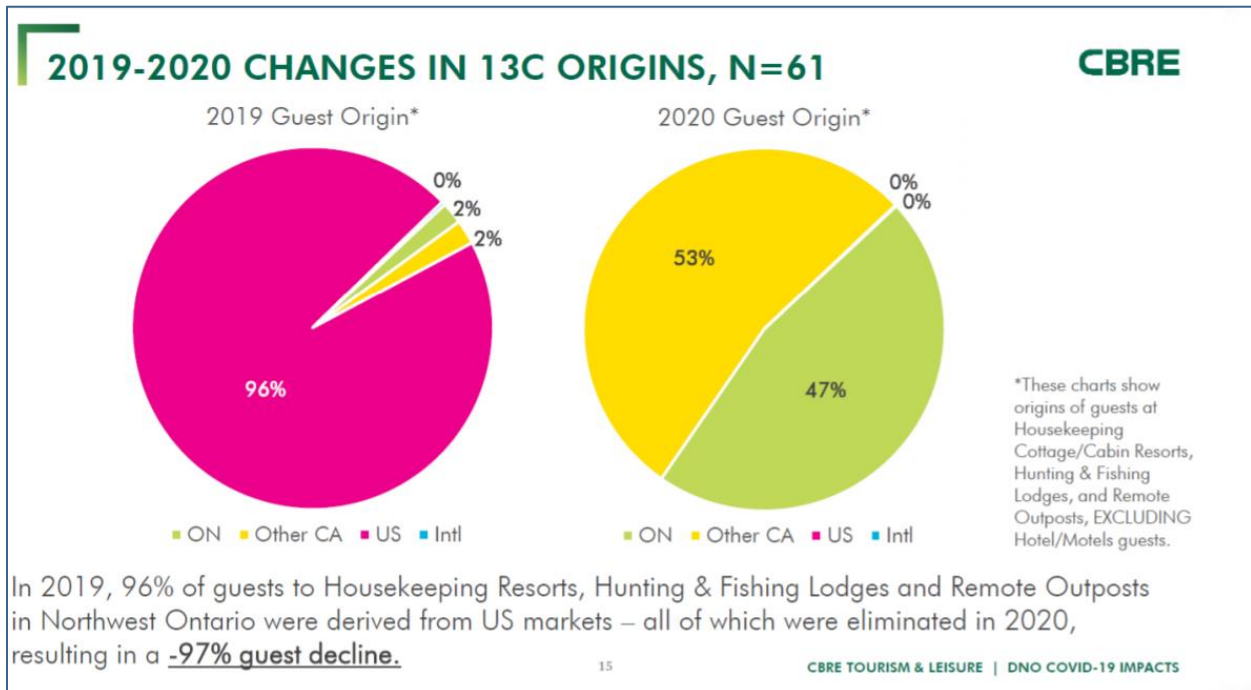
CBRE Tourism and Leisure completed a report entitled DNO Impacts of COVID-19 on Northern Ontario Accommodations and Recommendations for Future Planning and was released on March 22, 2021. This report was based on a survey of 84 of 185 Fishing & Hunting Lodges and Remote Outposts from November 9 to December 14, 2020. It shows how significant the impact has been on the industry.

In northern Ontario the Fishing and Hunting Lodges had revenues on average per available room in 2019 of \$54,000 and in 2020 was significantly reduced to \$4,900, a reduction of 91%. The Remote Outpost in 2019 averaged revenues of \$86,100 and in 2020 was reduced to \$2,300 a reduction of 97%. The Fishing & Hunting Lodges had a guest decline of 89% between 2019 and 2020 and the Remote Outpost had a guest decline of 97%.

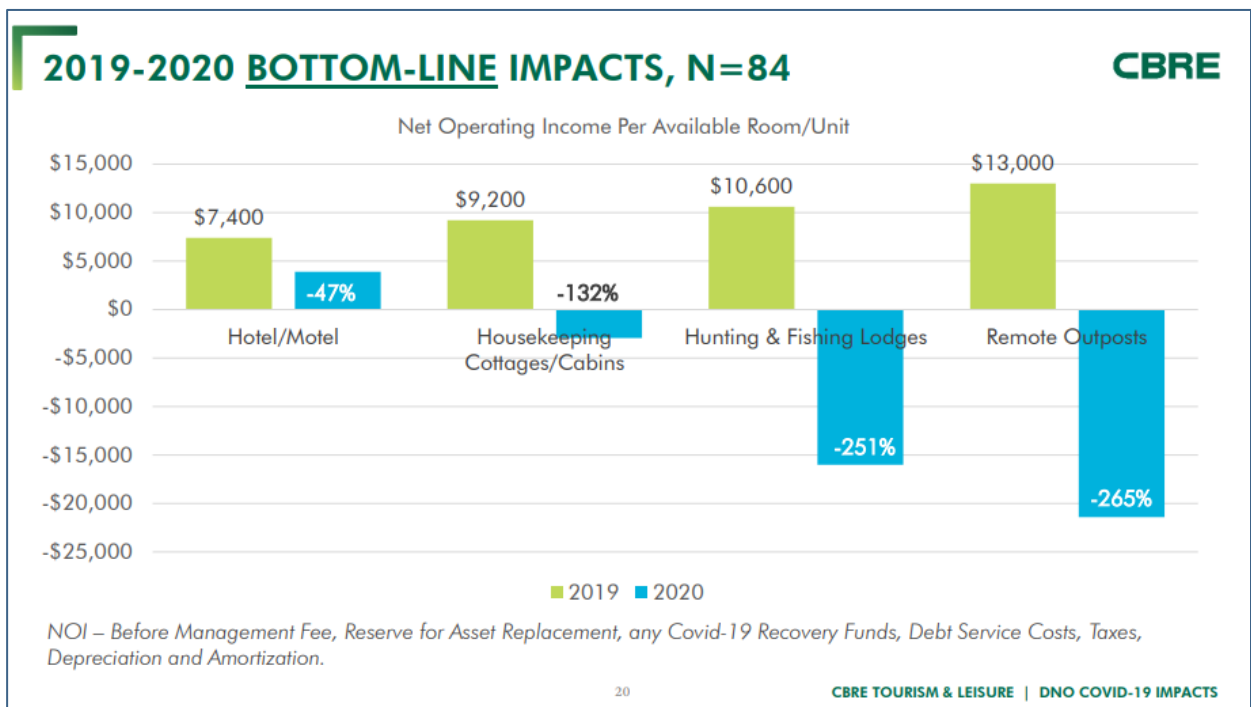
In northwestern Ontario, the impact was even greater than in northern Ontario with a 97% decline in clientele.

⁷ Ontario Resource Based Tourism Diversification Opportunities Report - Overall Study Report, December 2001, Ministry of Northern Development and Mines

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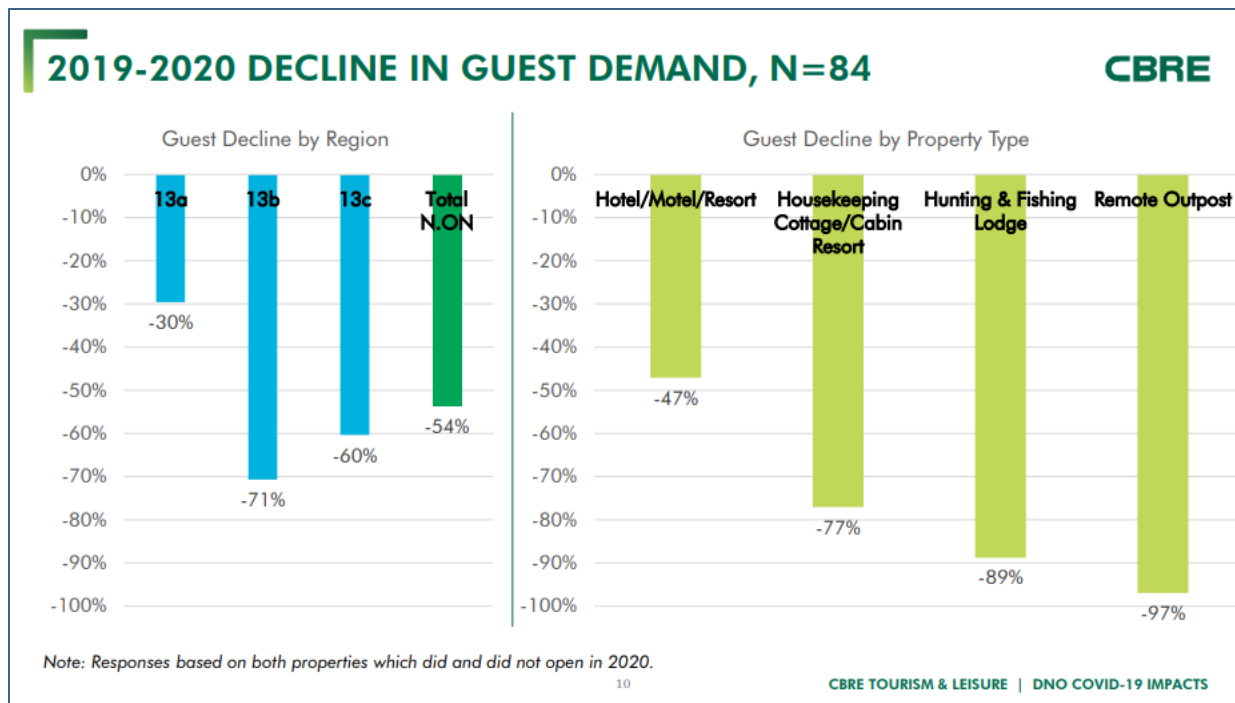


As can be seen in the graph below, there has been a significant impact on their bottom line in 2020, with the Hunting and Fishing Lodges seeing a decrease of 251% and the Remote Outposts suffering a whopping 265% decrease in net operating income per room/unit.

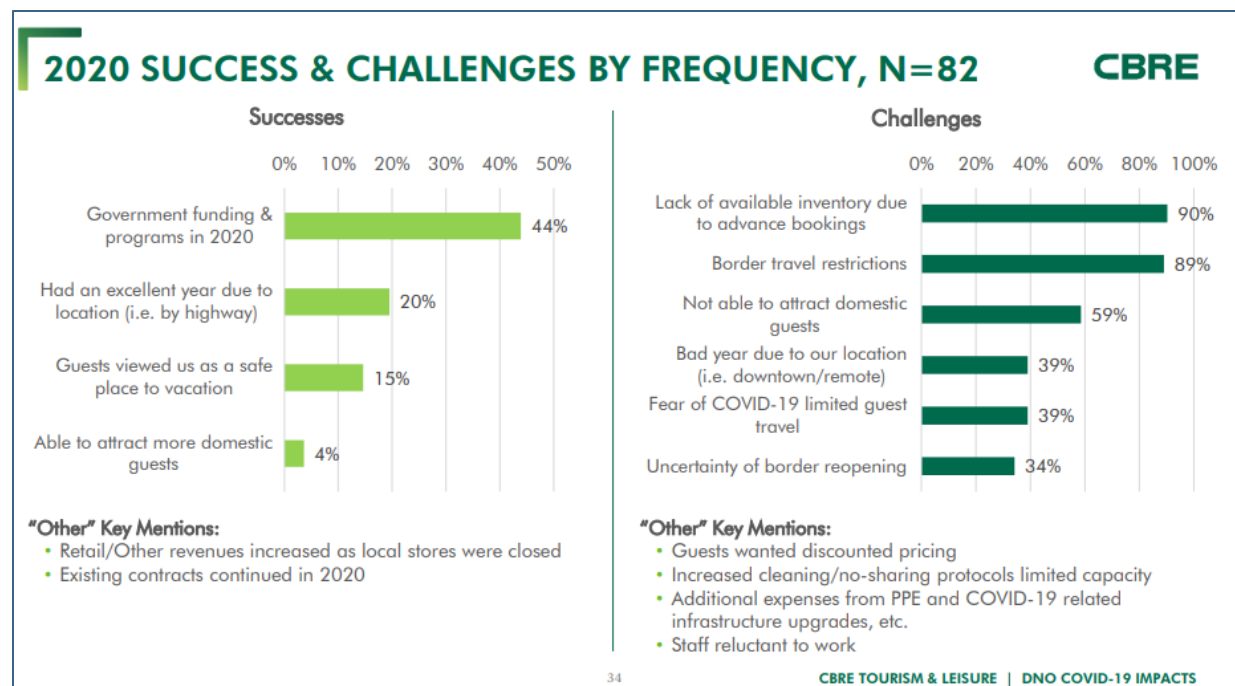


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Hunting and Fishing Lodges and Remote Outposts again showing a significant change in their 2020 clientele from 2019, with an 89% and 97% decrease respectively.



The greatest challenges that faced the RBT operators were the lack of available inventory due to advance bookings (90%) and border travel restrictions (89%). The inability to cross the border resulted in a significant reduction of clientele crossing the border, and therefore 2019 deposits were kept, and bookings deferred to 2020.



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Preparing for Re-opening through Capital Improvements/Changes due to COVID-19

During the 15 months that the camps/resorts have been closed many of the outfitters took advantage of the slow times and completed improvements that were needed to create a safe environment for their clients when they do return and to support COVID-19 protocol. All these requirements take money to complete. Spending ranged from \$2,000 to \$145,000 per property, averaging around \$36,000 per property⁸.

- Deck and dock enhancements.
- Social distance upgrades/screens & shields on property and office.
- New screened decks for guest cabins.
- Upgraded heating in each cabin.
- Installed BBQs at each cottage.
- Additions to cabins to include larger living areas and extra bathrooms.
- Closed their indoor dining room/restaurant and added an outside dining area.
- Expanded dining room to allow social distancing when seated.

For those that did have clients during this time frame, they took the following precautions:

- Provided PPE for staff and clients.
- Provided more information online before guest arrival.
- Stopped guiding services.
- Removed guest-facing staff positions.
- Developed digital self-check-in/registration.
- Offered alternative modes of transportation to property.
- Greeted guests outside.
- Offered more of a 'do it yourself' vacation (bring food, bedding, etc.).
- Installed BBQs at each cottage.
- Reduced stay times by 24 hours to allow cleaning between guests.

⁸ DNO Impacts of COVID-19 on Northern Ontario Accommodations for Future Planning, CBRE Tourism and Leisure, March 22, 2021

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The Uncertainty Around the Border Opening Has Been Detrimental

- The uncertainty of the timing of the border opening and the conditions/policies that will need to be followed made the situation even more difficult.
- No one could start planning for a reopening as no one knew the dates or policies/rules/restrictions that were required to be followed.
- Changes around the border opening were daily and created a lot of unpredictability.
- Essentially, the fishing/hunting resorts in the region of study have been cut off from the majority, if not all, of their client base.

The Current State of the Industry as of August 2021 with the Border Re-opened

The State of the Business

- Some RBT operators have shut down and have not yet reopened due to the lack of clients.
- RBT operators have had close to zero revenues for 2020 and 2021 it is tracking the same way for most of the operators into 2022.



Image: Sioux Lookout, 2021

5.3. Understanding the Current Provincial and National Situation

The State of the Tourism Industry Prior to COVID-19⁹

Leisure travel is a discretionary expenditure, therefore consumers' demand for tour packages is largely dependent on disposable income levels and consumer confidence. Before the pandemic, as the domestic economy continued to expand, Canadians booked a greater number of more expensive tours with industry operators. In addition, global economic growth and greater international exposure for the Canadian tourism industry encouraged more foreigners to visit and book tours in Canada. Furthermore, favourable exchange rates resulted in strong growth in inbound international travel during the latter half of the previous five-year period, supporting demand for industry services. However, industry operators also had to contend with rising competition from online travel services and mobile tour applications that assisted consumers with planning vacations, which reduced consumer incentives to book tours with industry operators.

Travellers from the United States, United Kingdom, France, and other wealthy nations that have long represented the most important sources of inbound tourism dollars are increasingly choosing to travel to developing markets in Asia, pressuring potential earnings for Canadian industry operators. However, as the global economy and the global middle class have grown, the number of tourists from developing countries has grown as well. Growth in the number of tourists from mainland China, India, Mexico, and Jordan has been strong over the past five years. Prior to the pandemic, foreign tourists were more likely than domestic tourists to visit some of Canada's touristic assets.

During normal times, most hotel operators sought to diversify their revenue through ancillary services that complement their core accommodation services. Many hotels have a full-service bar and restaurant that provides the average establishment with an estimated 16.9% of annual revenue and that has remained steady over the past five years. This includes room service revenue and restaurant sales. In an increasingly competitive industry, some hotels have sought to position their restaurant as the hotel's main attraction, with the aim of attracting travellers who would otherwise stay elsewhere. For hotels that host large groups or conferences, hotels would offer bulk discounts. Revenue derived from conventions, large tours, and meetings also includes catered food and beverages provided at these events.

A Changing Landscape for Industry Operators¹⁰

Going forward, heightened sanitation standards are anticipated to be adopted by the industry to mitigate the risk of infection of COVID-19. On May 21, 2021, the Hotel Association of Canada (HAC) and the American Hotel and Lodging Association released joint health and safety protocols restructuring industry standards amid the pandemic. These include the more frequent disinfecting of so-called "common touch surfaces" such as door handles, light switches, remote controls, and faucets; removing and replacing items that are difficult to clean (e.g., bedding); limiting furniture in

⁹ IBISWorld 2021

¹⁰ IBISWorld 2021

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hotel lobbies; installing acrylic shields at concierge desks; painting social distancing markers on floors where required, and equipping staff with personal protective equipment as needed.

Moreover, as hotel operators begin to reopen, they may also make a point of taking the temperatures of their staff before they come in to work their shifts, in addition to having a thermometer on hand at the front desk for their guests. Overall, an increased focus on preventative measures is expected to help the industry gradually regain its footing.

Perhaps most importantly, the primary revenue stream of many Canadian hotels as locations for larger tours, conferences, trade shows, wedding receptions, galas and business conferences has dried up indefinitely, with officials unsure of when large gatherings may once again become an aspect of everyday life. To this end, hotels that primarily make their living from these events will have to rebrand to become more family-friendly, at smaller scales, and generally diversify their offerings. In this way, they may keep attracting guests in place of hosting larger groups, which may not be as lucrative but will help to maintain business continuity. It is also a great time for these hotel operators to look at new revenue streams altogether, such as food, merchandise, private tours, equipment rental, catering, education services, environmental cleanup, conservation, etc.

As the province and the nation begin to reopen, northern Ontario 'fish and hook' operators will need to focus on the domestic markets first, marketing their assets at local festivals and tradeshows, and coupling their services with a variety of experiences and goods and services to entice new families, demographics, and enthusiasts to the region. A great example of this is the Experience Fishing Program developed by Destination Northern Ontario¹¹. The program provides operators with business development support, basic fishing kits, marketing materials and resources, online training, and increased marketing exposure.

The Experience Fishing Program has the following key characteristics that can help operator transition and scale up as we flatten the curve and reduce the spread of COVID-19:

- Combined a variety of experiences such as fishing, sightseeing, and meeting locals.
- Package together various related services: fishing licence, fishing guide, exploration tours, accommodation, and food service.
- Sell to the domestic markets the opportunity to discover and explore all the things that Northern Ontario has to offer.
- Promotes diversifying the consumer base: new Canadians, children and youth, women, and millennials.
- Encourages operators to develop skills around cultural awareness, customer service, social media, marketing strategies and experiential packaging.

¹¹ Destination Northern Ontario. Experience Fishing Program Online: <https://destinationnorthernontario.ca/experience-fishing/>

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Travel Requirements to Cross Border into Canada (as of August 9, 2021)

Americans who are looking to travel to Canada will look to get “vaccinated traveller exemption” status.

In order to be eligible for this exemption status they must:¹²

- Have been fully vaccinated at least 14 days prior to crossing (and have uploaded proof of vaccination in the ArriveCAN app)¹³.
- Show no signs or symptoms.
- Take a pre-entry test within 72 hours that proves you do not have COVID¹⁴.
- Have a quarantine plan in case you don't qualify for the exemption. *Travellers need to prove there is a quarantine plan in place and if there isn't one, they can turn you away*¹⁵.

Why would fully vaccinated travellers have to quarantine if their pre-test shows they are negative?

- They may have to quarantine because randomly selected border crossers are going to undergo COVID-19 testing at the border. This test is mandatory (if you are selected) and if you test negative you have to quarantine.
 - This part is potentially quite damaging to tourism because no matter how much you prepare for your trip, until you cross the border you just have no idea. Once tested you can continue travelling until you get your results, but you have to be ready to shift plans right away and isolate yourself.

Travelling with Children (under 12):

- Children under 12 do not have to quarantine (provided they do not test positive for COVID-19), but they **have** to take a test on their 1st and 8th day in Canada and “have to avoid group settings”. Youth under 12 coming from the U.S. are not allowed to be in group settings.

Unvaccinated children under 12 years of age and dependent children (due to a mental or physical condition) of fully vaccinated travellers will no longer have to complete a 14-day quarantine but must follow strict public health measures. This includes those travelling from the U.S. for discretionary purposes. This means they can move around with their parents but must avoid group settings - such as camps or daycares - during the first 14 days after their arrival. Unvaccinated children will remain subject to the Day 1 and Day 8 testing requirements¹⁶.

¹² Government of Canada Travel. <https://travel.gc.ca/travel-covid/travel-restrictions/covid-vaccinated-travellers-entering-canada#determine-fully>

¹³ Arrive Can can be found here: <https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19/arrivecan.html>

¹⁴ Government of Canada Travel. <https://travel.gc.ca/travel-covid/travel-restrictions/covid-vaccinated-travellers-entering-canada#entry-vaccinated>

¹⁵ Government of Canada Travel. <https://travel.gc.ca/travel-covid/travel-restrictions/isolation/quarantine-start>

¹⁶ Government of Canada. <https://www.canada.ca/en/public-health/news/2021/07/easing-border-measures-for-fully-vaccinated-travellers-entering-canada---permitting-discretionary-travel-for-citizens-and-permanent-residents-of-th.html>

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5.4. Industry Best Practices

The travel industry took a major hit amid the global coronavirus pandemic. With airports temporarily closing throughout 2020 and 2021, cruise lines cancelled scheduled sailings through the year, operators closing or limiting services and countless travel companies laying off tens of thousands of employees, COVID-19's impact was felt deeply across the entire travel industry.

However, many tourist industries have reshaped their business models considering the new way of pandemic-style living. The rest of this section summarizes how industry organizations, governments, and individual operators must pivot their service offerings to support tourism going during the pandemic.



Recognizing that people are more aware of distance these days, and prefer to spend more time outside, Kensington Tours, a large travel agency located in Toronto, has expanded the range of outdoor experiences that they offer. In the last few months, they have introduced two new collections of custom private-guided experiences to inspire travellers: North American National Parks and Private Retreats.

Kensington Tours has also instituted its **Safe Travel Certified program**, aligning with the recommendations of the World Travel & Tourism Council (WTTC). This includes a series of protocols that ensures they are doing everything possible to protect clients and staff on the ground, including providing

masks and gloves, making hand sanitizer available, and ensuring that hotel partners have implemented stringent cleaning procedures¹.

International Initiatives

The World Travel and Tourism Council (WTTC), in conjunction with industry, including the Tourism Industry Association of Ontario (TIAO), has created a **Self-Certified Safe Travel Stamp** based on worldwide industry protocols the WTTC has put together for every aspect of the Hospitality and Tourism sector¹⁷.

Health and safety are paramount in this new era. Personal experiences, advice from experts, and concerns for distancing will guide consumer behaviour in the short- to mid-term. A good way to ensure safety for customers and employees will be to collaborate closely with extended value chains to ensure readiness and the implementation of like-minded protocols, such as WTTC's Safe Travels protocols¹⁸.

Governments are also taking actions to mitigate the impact of COVID-19 in the Travel & Tourism sector, including easing travel restrictions, supporting liquidity and fiscal measures, protecting workers, introducing health protocols with the private sector, promoting tourism, as well as investing and encouraging innovation.

¹⁷ Tourism Association of Ontario: <https://www.tiaontario.ca/cpages/safetravelstamp>

¹⁸ This May be of interest for training - who to ensure partners are following the same protocols.

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Some examples of government support around the World include¹⁹:

- Japan will spend JPY 3.6 billion to enhance information to travellers and promote tourism destinations.
- Norway has reduced the VAT rate for travellers across the sector from 12% to 8%.
- Malaysia delayed tax instalments by six months for tourism, as opposed to three months for the rest of the economy.
- South Korea has moved to simplify its hotel classification system, legitimizing the sharing economy accommodation platforms and relaxing regulations for the camping industry.
- Germany offered unlimited loans with no interest to business.
- Hong Kong bolstered its capacity for promotion, allocating an additional \$90.2 million to its Tourism Board.
- The UK reduced its VAT from 20% to 5% for hospitality and created a £25,000 grant scheme for businesses in the retail, hospitality, tourism, and leisure sectors that occupy rental properties as sole tenants.
- Iceland is offering domestic travel vouchers and created a domestic promotional campaign, one that will likely be escalated internationally.
- Italy, Egypt, the Kingdom of Saudi Arabia, and Dubai, have also launched new campaigns to promote tourism.
- New Zealand is conducting a study to “re-imagine” tourism post-COVID-19.

Canadian Initiatives

In Canada, the B.C. government has committed \$3.5 million to help Tourism operators pivot from guiding to beach cleaning, as part of its Clean Coast, Clean Waters Initiative Fund. The money will go towards crew wages and fuel costs. A portion will also be sent to the local First Nations who will clean certain beaches they asked the small ship operators to steer clear of, either because they are too close to the community, or important for food gathering or cultural reasons²⁰.

Tourism operators in Churchill, Manitoba, have pivoted to entice Manitobans amidst the pandemic. Prior to COVID-19, about 75 to 80 percent of a company’s customers came from abroad, with most of the Canadian customer base coming from eastern Canada or British Columbia. To attract intra-provincial clients, the CEO of Frontiers North Adventures, which operates all-inclusive trips to see polar bears, beluga whales and the northern lights, has shifted focus by unbundling the all-inclusive fare²¹. There is a recognition that Manitobans need a different set of logistics and services packaged, compared to customers from Africa or western Europe. This company has unbundled ground and air transportation from hotel and food services.

COVID-19 is transforming traveller tendencies and behaviours toward the familiar, predictable, trusted, and even low risk. As such, domestic and regional vacations are expected to be perceived

¹⁹ World Travel and Tourism Council. To Recovery and Beyond. Online: https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2020/To_Recovery_and_Beyond-The_Future_of_Travel_and_Tourism_in_the_Wake_of_COVID-19.pdf

²⁰ Source: <https://www.vancouverislandfreedaily.com/news/tourism-operators-pivot-from-guiding-to-beach-cleaning/>

²¹ Global News: <https://globalnews.ca/news/7319888/coronavirus-churchill-tourism-2/>

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as safer over the short to mid-term²². Proactive communication will be key to spur this demand. No matter how an operator is going to operate and/or pivot their business, clear communication and an attractive marketing campaign will be indispensable.

Key Success Factors Approach

Given the understanding of the external factors affecting the current situation, operators need to understand how best to position themselves and modify their business model. Of course, as we have seen, government and regional organizations have a role to play in providing resources and even organizing the cluster or sector. At the individual level, however; from a business strategy perspective, operators need to assess and modify their individual business plans so that they can effectively pivot according to the new realities and find their new normal. One approach often used in this type of planning exercise is the Key Success Factors approach.

According to Business Development Canada (BDC), “Key Success Factors (also known as competitive emphasis or strategic posture) state the important elements required for a company to compete in its target markets. In effect, it articulates what the company must do, and do well, to achieve the goals outlined in its strategic plan”²³.

The following steps could be used to guide this process²⁴:

1. Identify your Industry’s Key Success Factors (KSFs). This could include things like price, agility, reliability, diversity, or emotional connection with clients.
2. Identify who are your key competitors: Identify who are the other businesses competing by offering a similar product/service to a similar/same audience.
3. Competitive analysis: once you have understood who your competitors are and what the KSFs are for your industry, make a market assessment to understand who is “winning” at the KSF.
4. Pivot Point #1 - critically assess your current processes and identify actions to either maintain or achieve a competitive advantage over one or more KSFs.
 - a. For example: Say marketing innovation has become increasingly important in your industry and you think there is room for improvement for your company. Identify what are the key success factors within this specific success factor, and plan to address those where you have room for improvement:

KSFs for Marketing Innovation:

- Content quantity
- Content quality
- Analytics

²² World Travel and Tourism Council. To Recovery and Beyond. Online: https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2020/To_Recovery_and_Beyond-The_Future_of_Travel_and_Tourism_in_the_Wake_of_COVID-19.pdf

²³ Business Development Canada: <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/key-success-factors>

²⁴ BC Tourism Resiliency Network and the Thomson Okanagan Tourism Association. “Pivoting Your Business Strategy for 2021” Webinar. Online: <https://tourismresiliency.ca/pivoting-your-business-strategy-for-2021/>

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- Timing
- Diversity in digital content

5. Pivot Point #2 - Understand what new KSFs COVID-19 has brought about. For example,
 - a. Political lobby for resource allocation is more important now than ever: is your industry organized to do this.
 - b. Technologies, such as e-commerce and contactless payment, have become dominant and have changed the way people expect to interact with businesses.
 - c. Client safety management and communication are top of mind for consumers.
 - d. Adjusting to volatile demand for products and services (e.g., dynamic pricing).
 - e. Adjusting to increased costs to provide safety and security.
 - f. Shifting supply chains and working more closely with suppliers.
 - g. Workforce retention and talent acquisition.
6. Build a short, mid, and long-term plan to remain competitive. Start by understanding what the industry looks like in 1, 5 and 10 years and what an operator must do to remain competitive over time. This planning exercise can involve first taking on a SWOT analysis, and then asking the following key question about the business model:
 - a. What does the industry need now vs 5 years from now?
 - b. What new skills will be needed to succeed in the industry?
 - c. What new services need to be offered?
 - d. What will be the key success factors in 5 years? 10 years?

This type of goal-oriented pivot will ensure viability and success in the short, mid, and long term.

Top Trends Relevant to the RBT Operators

Based on the findings from the State of Tourism in Canada During COVID-19 document there were several trends that the RBT Operators in Ontario could explore to modify their business model.

1. **Travel With Intention and Impact:** People will travel with a holistically green conscience with travellers seeking to minimize the negative effects of tourism on the planet. The ability to demonstrate alignment and contribution towards the destination's sustainability initiatives will significantly impact business success.
2. **Hygiene Over Fees:** Travel decisions will be dramatically influenced by cleanliness standards. Perceptions of cleanliness, health and safety will rank higher than any other value proposition. Protocol and procedures will continue to evolve based on recommendations of health authorities. 'Tourism health and safety certified' locations may be a key differentiator.

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3. **The Rise of Rural:** Search data showing that nearly 90% of overall searches are for trips to rural areas with cabin rentals being especially popular.
4. **The Slow Travel Movement:** Travellers have acquired a taste for a slower pace, looking for integrative, local and authentic experiences.
5. **No Fee Trip Changes:** With rules and regulations changing daily, there will need to be more flexibility. This will continue to put a financial strain on operators with bookings and rebookings.
6. **Supporting Local:** Due to border crossing closures, domestic locations are becoming the preferred destinations for Canadians. Investing in domestic tourism strategies and developing partnerships that reflect 'loving what's local'.
7. **Digital Transformation:** COVID-19 has accelerated the digitization of every industry is affecting operators in that there is a need to invest in new technologies and have the knowledge to use these technologies.

Post Covid-19 Travel Trends



The five key factors that will outweigh all of these trends will be the following:

- 01 **Safety:** Both perception and reality will be important.
- 02 **Health:** the government may introduce mandatory controls.
- 03 **Hygiene:** There will be no compromise on this point.
- 04 **Brands:** those synonymous with quality win.
- 05 **Value:** The new mantra will be "value for money".

Conclusions on Best Practices:

- ✓ Targeting domestic markets as things begin to slowly re-open.
- ✓ Targeting new demographics, such as women, new Canadians, children, and youth.
- ✓ Organize the industry, partner with indigenous groups, and leverage federal and provincial dollars to use your existing asset base in new creative ways.
- ✓ Developing a "Safe Travel Protocol" and actively communicating with customers.
- ✓ Update your digital marketing skills - learn the essentials of social media, websites and third-party apps like Google Maps and Trip Advisor to improve your online presence and facilitate digital interaction with your clients.
- ✓ Providing a clean and safe experience for staff and visitors and using cleanliness as a marketing tool and product differentiator.
- ✓ Pivot your business structure/model to adapt to the new normal and regain a competitive edge.

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- ✓ Develop expertise in experiential packaging and service bundling that is adapted for domestic markets vs international markets.
- ✓ Leverage the huge appetite for nature and outdoor tourism in the market by packaging a variety of experiences to small to medium-sized groups.
- ✓ Become goal-oriented and plan for the short, medium, and long term as the situation evolves.



6. STRATEGIC THEMES AND ACTIONS FOR COVID-19 TOURISM MODIFICATION PILOT PROJECT

The top priority that needs to happen before anything else can be instituted is to formalize the partner committee and appoint a chairman/lead to push this agenda forward. Without this strong, cohesive, and committed group of representatives from the key organizations on the current partner committee as well as the representatives from the communities of Dryden, Ignace, Machin, Pickle Lake and Sioux Lookout, all the good work that this partner committee has started will lose momentum and die. Without a formalized committee there will be no one to undertake the actions that are presented in this report.

This committee should follow up with the RBT operators, particularly the operators that were consulted with, to acknowledge their participation as well as providing feedback on the report and keeping them informed as to the progress of the report. It would also be prudent to provide an update to all of the RBT operators that are in the area regarding the outcome of this report.

This committee needs to continue to be the group that lobbies:

- a. The federal government to keep the border open and to make the process of coming over the border seamless and predictable for Americans to cross into Canada.
- b. The provincial government to ensure that the RBT operators are recognized as important drivers of the northwestern Ontario economy and that they get the required support that they need for their businesses.
- c. The Insurance Bureau of Canada for the reduction of insurance costs.
- d. The Ontario Energy Board for reduced hydro rates.

Based on the research and the consultation with the RBT operators, it became clear that three specific themes arose on which the partner sponsors of this report can provide support and guidance to the RBT operators.

The three themes are:

1. Financial Sustainability
2. Securing a Reliable Long-Term Workforce
3. Finding New Markets Through Modifying Approaches to Marketing & Communications

The following are the eight actions that support the themes.

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Theme 1: Financial Sustainability

Currently, the majority of the RBT operators have been strapped with unmanageable debt loads as a result of generating \$0 of revenue in the past 2 years. For many operators, this will take years to get their operations out of debt and to a more financially sustainable position where they can rebuild and reinvest into their businesses. These businesses need help.

Actions:

1. Engage with the Municipal, Provincial and Federal government project partners to examine potential government policies and financial tools aimed at providing additional financial support to RBT operators in a fair and equitable manner.
2. To assist RBT operators in expanding their products and services and expanding their season, continue to share funding and business support programs with the RBT operators to ensure they are aware of all opportunities made available to them to aid priorities such as infrastructure improvements (wells, septic systems, winterizing cabins and accommodation, high-speed broadband installations, etc.).

Theme 2: Securing a Reliable Long-Term Workforce

The COVID-19 pandemic has heightened awareness of the need and value of a good workforce. During the pandemic, most RBT operators have had to lay off the majority of their staff and due to the 2-year delay in being fully operational have not been able to rehire several vital positions back (i.e., fishing guides, dockhands, chefs, restaurant staff, cleaning staff, etc.).

Although maintaining a reliable workforce is not a new issue to the tourism industry, there is a fear that the COVID-19 pandemic has driven a lot of workers to other sectors and permanently away from the tourism industry and more specifically RBT attractions. As a result, there is now an increased urgency to ensure the RBT operators can find the staff and employees they need to run their operations.

Actions:

1. Continue engaging the RBT operators (and other similar business types) to best understand their current and future labour requirements. Working directly with the RBT operators (and other tourism sector businesses in the region) to continue examining workforce development issues. Undertake a post-COVID workforce development action plan to determine what needs to be done to attract and retain employees to this industry.
2. As a part of the post-COVID workforce development action plan, engage with RBT operators to best understand which community assets are needed to ensure success in terms of employee attraction and retention specifically for their business types. Examples of community assets could include housing, transportation, childcare, health care, schooling, etc.

Theme 3: Finding New Markets Through Modifying Approaches to Marketing & Communications

The vast majority of RBT operators within the region of study (Northwestern Ontario) are in the “fishing and hunting” business due to the lifestyle. For some, it’s a generational business that has been passed down. For others, it is a business that provides the way of life that they desire. The operators are in the hunting and fishing business because they truly enjoy hunting and fishing. They also truly enjoy their clients – those who also hunt and fish. As such, the majority of those businesses engaged through this project have enjoyed success attracting clients that also enjoy hunting and fishing. Although a few operators are looking for new ways of doing business, by far most RBT operators have no desire to change their main tourism product or modify their product away from hunting and fishing.

In addition, the marketing of the RBT operators to date has proven successful. They market primarily through direct marketing tactics. The operators have a list of faithful clientele that come back year after year. These clients are almost 100% primarily American.

Although successful to date, the RBT operators marketing and communications activities and tactics could be modified to help grow their markets and attract a new demographic and geographic clientele. Not to change their tourism products and experiences, but instead, reach a different client.

Actions:

1. There are different levels of sophistication within the social media presence of the RBT operators within Northwestern Ontario. Some operators are completely set up to market themselves and conduct business online, while others are still only accepting cheques as forms of payment with no online presence at all. To ensure the RBT operators can move to an online platform of doing business (including marketing) develop a social media and digital marketing training program aimed at improving the overall digital presence of the RBT operators in Northwestern Ontario (i.e., Digital Main Street).
2. Undertake an assessment of current and future demographics of the RBT clients and examine the most appropriate digital marketing tools to attract this demographic to Northwestern Ontario.
3. Engage RBT operators to develop and implement a social media marketing campaign utilizing multiple social media platforms such as Instagram and Snapchat, as well as tactics such as social media influencers and photo tagging.

APPENDIX 1: DOCUMENTS REVIEWED

Documents

- 12 Unique Tourism Marketing Campaigns from Small and Medium-Size DMOs, CrowdRiff
- 2021 Tourism Recovery Plan, Prepared by Members of TIAC's Industry Recovery Committee, January 2021
- COVID-19 Best Practices: For the Safe Operation of Resource-Based Tourism Businesses in Northern Ontario, NOTO
- DNO Impacts of COVID-19 on Northern Ontario Accommodations for Future Planning, CBRE Tourism and Leisure, March 22, 2021
- Dryden Tourism Development Strategy and Implementation Plan, May 2009, McSweeney & Associates
- Experiential Travel Training for Operators Workbook, Province of Ontario, Tourism Excellence North, Destination Northern Ontario
- Northern Ontario 2021 Travel Intentions Survey Results, Province of Ontario & Destination Northern Ontario
- Northern Ontario Trail Tourism Strategy, Destination Northern Ontario
- Northern Ontario's Tourism Path to Prosperity A COVID-19 Response Plan, Destination Northern Ontario. 2021.
- Ontario Resource-Based Tourism Diversification Opportunities Report - Overall Study Report, December 2001, Ministry of Northern Development and Mines
- State of Tourism in Canada During COVID-19 Dashboard (2.0) February 2021, Government of Canada
- To Recovery & Beyond: The Future of Travel & Tourism in The Wake Of COVID-19, World Travel and Tourism Council September 2020
- Why the Northern Ontario Border Crossing Pilot Project is Practical and Essential - Brief, NOTO, Destination Northern Ontario, TIAO

Articles

- Ontario Small Business and Tourism Sector To Receive Support Payments, CTV News, March 24, 2021

Other Sources of Information

- Comments in Response to CTV Article 'Ontario small business and tourism sector to receive support payments', March 24, 2021
- Correspondence between Honourable Minister Joly and Mayor Doug Lawrance (Municipality of Sioux Lookout)
- Correspondence between Honourable Minister Melanie Joly and Eric Melillo, MP, Kenora

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- Fireside Lodge Profile Package & Offering Memorandum
- Northern Ontario Tourism Workforce Development & Industry Training Survey Highlights
- NOTO Survey #3 - Assessing the Impacts of COVID-19 on the RBT Tourism Industry, August 2020
- NOTO website (<https://noto.ca/>)
- Pivoting Your Business; TOTA Provincial Resiliency Program, Thompson Okanagan Tourism Association Webinar (<https://tourismresiliency.ca/pivoting-your-business-strategy-for-2021/>)
- Sioux Lookout Tourism Outfitters, 2021 Survey Request, February 2021
- Tourism Impact Data 2020, Patricia Area Community Endeavours (PACE), July 2020

APPENDIX 2: RELIEF FUNDING PROGRAMS

Federal

- Canada Emergency Business Account interest-free loans (CEBA) [Canada Emergency Business Account \(CEBA\) \(ceba-cuec.ca\)](https://ceba-cuec.ca)
- Canada Emergency Wage Subsidy (CEWS) [Canada Emergency Wage Subsidy \(CEWS\) - Canada.ca](https://cews.ca)
- Canada Emergency Rent Subsidy (CERS) [Canada Emergency Rent Subsidy \(CERS\) - Canada.ca](https://cers.ca)
- Canada Emergency Response Benefit (CERB) [Canada Emergency Response Benefit \(CERB\) - Canada.ca](https://cerb.ca)
- Regional Relief and Recovery Fund (RRRF) [Regional Relief and Recovery Fund \(RRRF\) - Canada.ca](https://rrrf.ca)
- Canadian United Small Business Relief Fund (CUSBRF) [Canada United Small Business Relief Fund | KBH Chartered Professional Accountants](https://cusbrf.ca)
- Business Credit Availability Program (BCAP) through the EDC [BCAP - Business Credit Availability Program Guarantee | BDC.ca](https://bcap.ca)
- Canada Recovery Hiring Program [Canada Recovery Hiring Program - Canada.ca](https://crhp.ca)
- Tourism Relief Fund [Tourism Relief Fund - FedNor](https://tourismrelief.ca)

Provincial

- Northern Ontario Recovery Program (NORP) [Ontario Launches Recovery Program for Northern Businesses Impacted by COVID-19 | Ontario Newsroom](https://norp.ca)
- GST/HST Remittance Deferral (only until June 2020) [Deferral of GST/HST Tax Remittances \(COVID-19 Measures\) - Canada.ca](https://gst-hst.ca)
- Forgiveness of MNRF Land Use/Permit/Fees
- Tourism and Hospitality Small Business Support Grant [Ontario Tourism and Travel Small Business Support Grant \(gov.on.ca\)](https://gov.on.ca)
 - one time payment of up to \$20,000
 - total of \$100 million program
- Tourism Relief Fund [Tourism Relief Fund - FedNor \(ic.gc.ca\)](https://tourismrelief.ca)
- Tourism Skillsnet North <https://destinationnorthernontario.ca/tsnn/>