

April 29, 2020

Re: *Extreme Threat to Northern Ontario Communities and Resorts – Request for Assistance*

Dear Honourable Mr. Morneau:

On behalf of the Tourist Resort operators in Northern Ontario, I write to you, our Minister of Finance. Having been active in this sector for 30 years as a primary provider of insurance, we have come to know many of these operators and their families personally. The critical employment and economic contribution they make in their communities is now **threatened** at an **unprecedented level**:

- a) 20% of Ontario resorts believe they may be **forced out of business** within the **next 90 days**
- b) + 50% of seasonal operators will be **unable to open** for the summer season
- c) 59% have been **forced to close** ‘temporarily’

Tourism Industry Association of Ontario (TIAO) – Provincial COVID-19 Survey #3 Report, April 3, 2020

As you know, the Tourism Industry is a strong economic driver in Ontario, representing more than 400,000 workers and over 200,000 businesses, with a GDP contribution of \$36 billion. Tourism in Ontario is vital to the economic health of our province and especially Northern Ontario and the Kenora-Rainy River riding. The 925 fishing and hunting lodges in Northern Ontario (74% of which operate seasonally) contribute over \$107 million in direct economic activity. These vital businesses have a high likelihood of missing their 2020 season.

Request for Assistance

We recognize and appreciate the valuable step Federal and Provincial government have taken to support many businesses, ranging from GST and tax deferrals, CERB, CESBA, to the CEWS. However, unique support is required for this highly vulnerable sector as they are fundamental to the health of the northern communities in which they operate. This crisis has hit all of us hard, but particularly the tourism industry.

We are asking for all levels of government to provide direct funds to support tourism businesses that have been forced to close and take on debt, and for seasonal operators whose season has been indefinitely delayed.

Simple debt deferral does not allow tourism operators to recover as an economic driver. We believe that tourism operators require Immediate financial aid packages to cover the capital already spent to ready the business and cover expenses and cash flow are needed from now to when businesses re-open, including:

- Fixed Cost Supplement
- Debt and Rent forgiveness

What We Are Doing to Help Resort Operators

As the lead provider to these resorts, we have been advocating on their behalf with the insurer, Novex Insurance, and have offered the following to the 800 resorts we work with:

- **0% Rate Increase** – Although the program was challenged with losses due to forest fires and floods last year and was set to have an 8% increase, Novex has rescinded their rate increase. The zero



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rate increase is retroactive to renewals effective May 1st. Renewals that were released with a rate increase, prior to this crisis, are being reissued.

- **0% Inflationary Increase** – In their commitment to issuing renewals with a 0% increase, Novex will be issuing policies with no inflationary increases to limits of coverage.
- **0% Interest Payment Plan** – We funded the capital to provide the annual payment plan at 0% interest

Other business sectors have the opportunity to diversify and/or change their business model but this sector is different. This sector is highly dependent on US clients, and highly dependent on Canadian clients to have the economic health and confidence to travel. Diversification options available to other business sectors are simply not available here.

There is no doubt the government of Ontario is deeply committed to helping small and medium businesses survive this crisis, so they can once again contribute to the economy of this province. Therefore, we call on you and the Ontario government to do all you can to support the tourist operators, so they too have a business to return to. The only way through this is together.

Thank you for your consideration. I am eager to discuss this matter further at your convenience.

Respectfully yours,

Gord McCool
CEO
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