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**Subject:** Tourism Adaption and Recovery Fund

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, January 13, 2021

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## **Recommendations**

1. That the Director of Economic Development **BE AUTHORIZED** to execute the necessary documentation to provide funding to successful applicants to the Tourism Adaption and Recovery Fund, granted by Fed Dev Ontario, and to administer the program funds.

## **Key Facts**

- The Economic Rapid Response Team (ERRT) collaborated on an Expression of Interest, which was submitted in November, to the Tourism Adaption and Recovery Fund, provided by Fed Dev Ontario.
- This funding, which has now been approved, will provide financial assistance for tourism dependent businesses in Niagara to operate within Public Health protocols and thereby retain/create jobs, increase competitiveness and sustainability post COVID-19.
- Niagara Region is the funding applicant and will be managing the project with collaboration and support from the municipal economic development offices.
- Niagara Region has signed an agreement with Fed Dev Ontario for the funding project which will run from January to December 2021.

## **Financial Considerations**

There are no additional financial implications as the funding will come to Niagara Region, as the applicant, from Fed Dev Ontario and flow through to the businesses via an application process. Fed Dev will also cover the cost of program administration, through a project manager.

This funding and the related grants have not been included in the draft 2021 budget due uncertainty at the time of budget preparation. The budget adjustment process will be followed after budget approval to achieve inclusion in the 2021 Operating Budget.

## **Analysis**

All businesses, regardless of sector have experienced some form of negative impact as a result of COVID-19 in Niagara. However, Niagara's tourism-related businesses have been hardest hit. Most notably the following sectors have experienced the greatest negative affects as a result of the pandemic: local festivals, accommodation, food services, wineries/craft beverage, arts and entertainment, recreation and retail sectors. The viability of our Niagara economy relies heavily on the success of our tourism sector; more so that other similar municipalities in Ontario. This sector is by far the most vulnerable. Therefore it is vital to provide the much-needed resources and adaptation support that our tourism industry requires in order to sustain and improve their businesses.

Pre-pandemic, Niagara welcomed more than 13 million tourists annually. Most were domestic travellers, with over 3 million coming from the United States and approximately 1 million were from overseas. The sector drives more than \$2.4 billion dollars in expenditures across 2,800+ businesses and employed 40,000 residents of Niagara. Niagara has 1.8 times the concentration of tourism jobs than Ontario.

Based on Business Impact Survey data, it is estimated that since March the tourism-oriented sectors in Niagara have experienced \$1.1 billion in lost revenue. That number could reach over \$4 billion within a year. Therefore, it is important to have resources and measures in place to support the region's tourism industry. Also, since March businesses in the tourism-oriented sectors reported layoffs of over 32,800 staff at the height of business lockdown measures, with 19,700 (60%) remaining unemployed as of October 2020. By June 2020, Niagara tourism-oriented sectors experienced 33 permanent business closures with likely many more closures to-date.

This project would provide financial assistance in the form of 80% grants, to enable tourism-dependent businesses to equip themselves to meet Public Health guidelines and protocols and by doing so, continue to operate, particularly through the shoulder and off season in 2020/21. It can be applied to costs incurred from June 2020 when businesses first started to open up again.

An application process has been developed and will be widely promoted to tourism-dependent businesses across Niagara. An adjudication committee has been formed to conduct the selection process using an evaluation matrix. The committee has representation from the municipalities. There will be a funding agreement between Niagara Region and the successful businesses which will be signed by the Director,

Economic Development. Grants will be a minimum of \$2,500 and a maximum of \$20,000 with a matching contribution of 20% from the business. Claim forms and reporting procedures have also been created. There will be regular reporting back to Fed Dev Ontario throughout the project.

Niagara Economic Development is providing marketing dollars and assistance to promote the fund to tourism-dependent businesses through social media and radio ads and will provide the local area Economic Development offices with a media kit which can be customized to promote the fund to their local businesses.

### **Alternatives Reviewed**

None applicable.

### **Relationship to Council Strategic Priorities**

This project will strategically enforce Regional Council's priority 'Supporting Businesses and Economic Growth'.

### **Other Pertinent Reports**

ED 9 COVID-19 Response and Business Continuity in Economic Development  
ED 17-2020 COVID-19 Response and Business Continuity in Economic Development

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