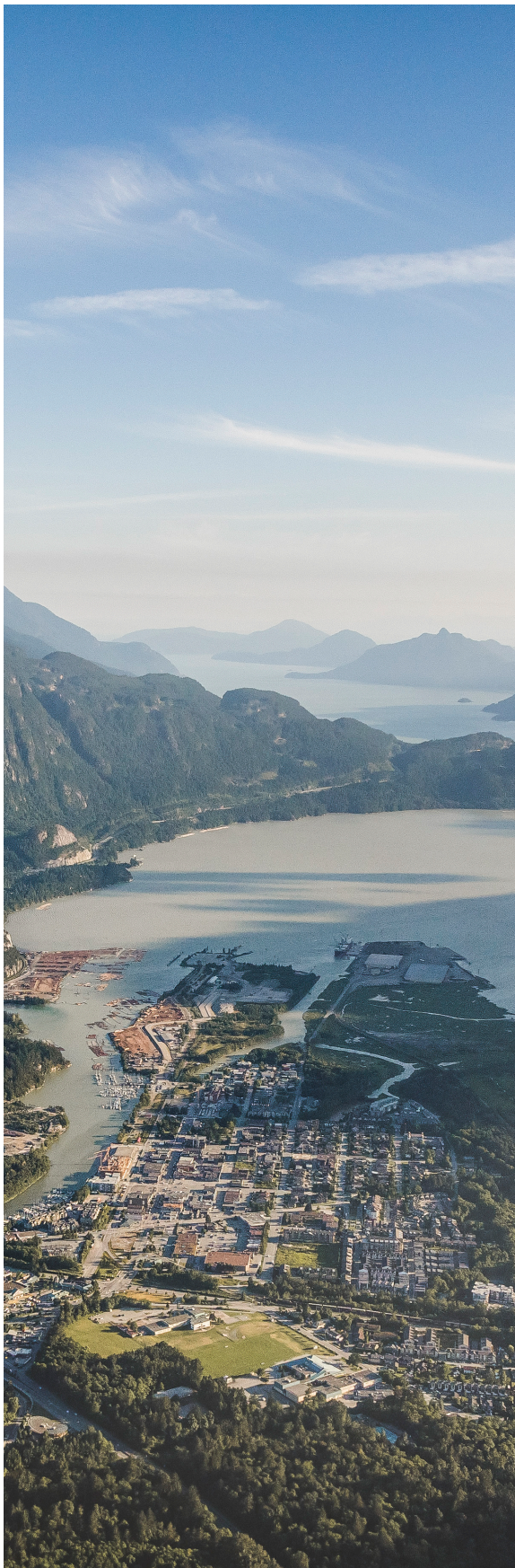




BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT
COVID-19 TOURISM IMPACT REPORT

With a focus on British Columbia outside the Lower Mainland and Whistler
April 1st - April 30th 2021

FOR QUESTIONS CONTACT
Anthony Everett
Chair, BC Regional Tourism Secretariat



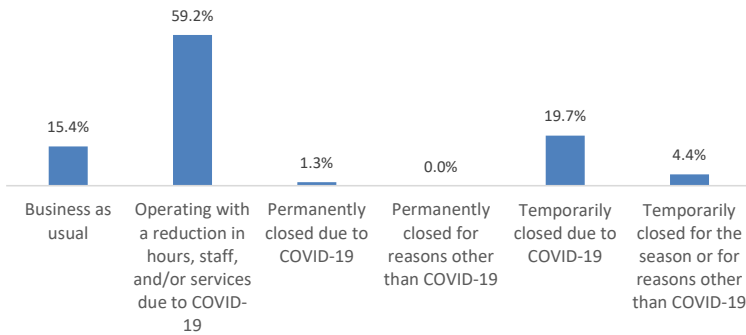
Opening message

The British Columbia Regional Tourism Secretariat, British Columbia Hotel Association, the British Columbia Destination Marketing Organizations Association, and Tourism Industry Association of BC are continuing to leverage a collective business network to collect, collate and report on the impact of the COVID-19 pandemic on tourism businesses and to gather feedback on potential response and recovery measures. This business intelligence was gathered through online and telephone surveys, based on a randomly selected list, with firms in five tourism regions of British Columbia from **April 1st - April 30th, 2021**. A response rate of 34% yielded **238 responses**. This represents a margin of error for the randomized sample-wide questions of +/- 5%, 9 times out of 10.

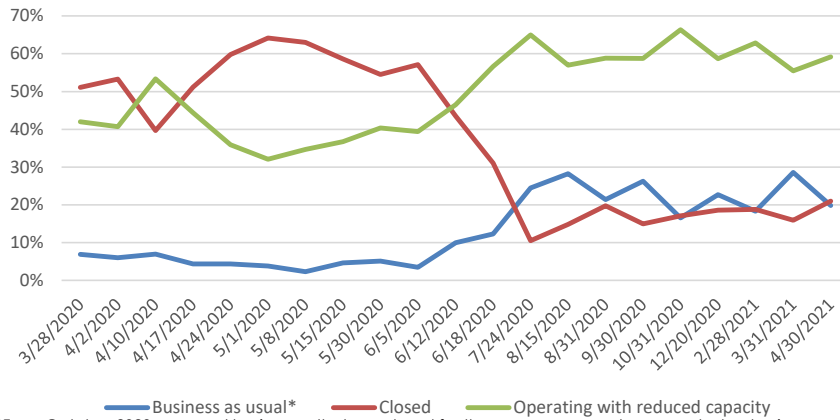
Key issues for consideration:

- The percentage of firms reporting **business as usual** is **15%**, representing a decrease of 8% since last month. About **4%** of firms surveyed are still **closed for the season**.
- About **54%** of firms reported using **less than half of their usual staffing capacity** for this time of year. This figure has increased by **18%** since last month.
- Between **22-45%** of firms reported being **ineligible** for major provincial and federal programs targeted for businesses.
- Most firms that take bookings in advance are receiving **less than half as many bookings** for summer 2021 compared to usual.
- **More than half** of all firms reported having taken on some form of debt due to COVID-19.
- Activity-based firms have been hit especially hard by COVID-19, with more debt & business closures than the average firm, and a lesser chance of being able to survive another peak season without international travel.

Please indicate the impact of COVID-19 on your business.



Impact of COVID-19, share of responses since start of survey (excl. VCM)



*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

What are the main issues preventing your business from fully opening?



Across the tourism regions of Cariboo Chilcotin Coast, Kootenay Rockies, Northern BC, Thompson Okanagan, and Vancouver Island, the percentage of firms reporting business as usual is 15%, representing a decrease of about 10% since the last report. About 4% of firms are temporarily closed for reasons other than COVID-19. This includes seasonal businesses that are currently closed.

About 22% of firms are reporting being closed due to COVID-19, representing an increase of 7% since the last report.

The 'Activity' sector (which includes land, air, marine, and outdoor activities) is showing the lowest percentage of firms operating with business as usual (3%). Activity-based firms and limited service accommodations were the two sectors most likely to be closed due to COVID-19, with 28% of firms reporting being closed.

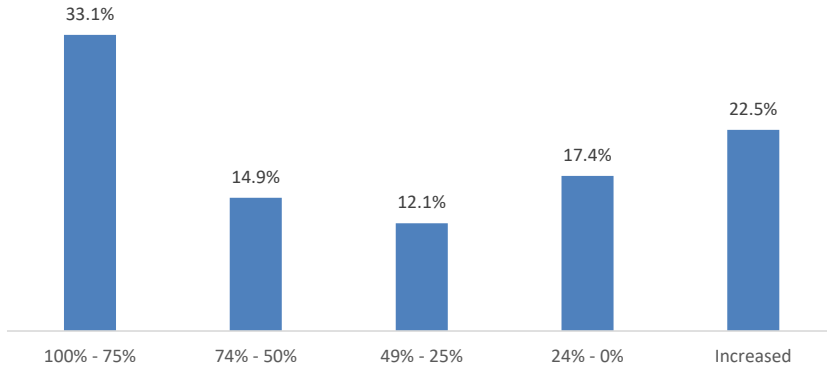
Comparing over time, overall the percentage of firms that are reporting that they are closed has increased, while the percentage reporting business as usual has decreased. With new 'circuit breaker' restrictions having been announced at the end of March, these changes are not surprising.

Discouragement of interprovincial travel was the most common answer when firms that were not operating with business as usual were asked the main issues preventing their business from fully opening, followed by international travel restrictions, and mass gathering/capacity restrictions.

All findings are based on member surveys collected by the Secretariat during April 1 - April 30th, except where otherwise noted. For all regions, firms were drawn from a randomized list of firms that had "opted in" to communication under Canada's Anti-Spam Legislation (CASL), and the averages for sample-wide statistics are stratified on region. Data and figures represent a subset of regional tourism operators and are subject to change with changes in coverage, data cleaning, weighting and other statistical correction and/or as data become more complete. Some quotes edited for brevity.

Photo credits: Kootenay Rockies Tourism/Mitch Winton.

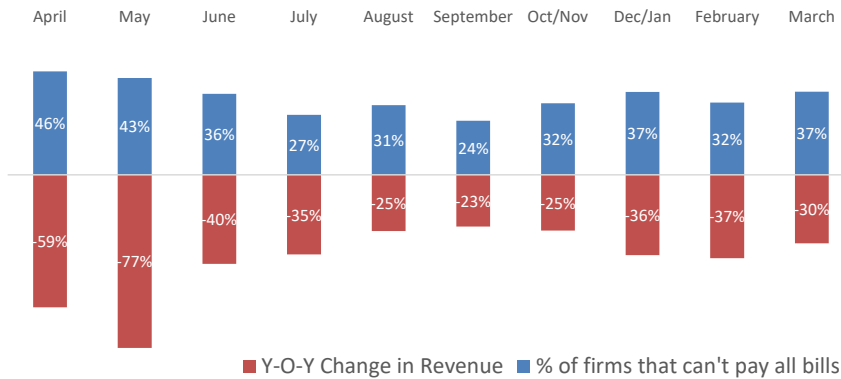
Compared to March 2019, by how much did your revenue fall in March 2021?



About 48% of firms reported losing more than half of their revenue compared to March 2019, before COVID-19.

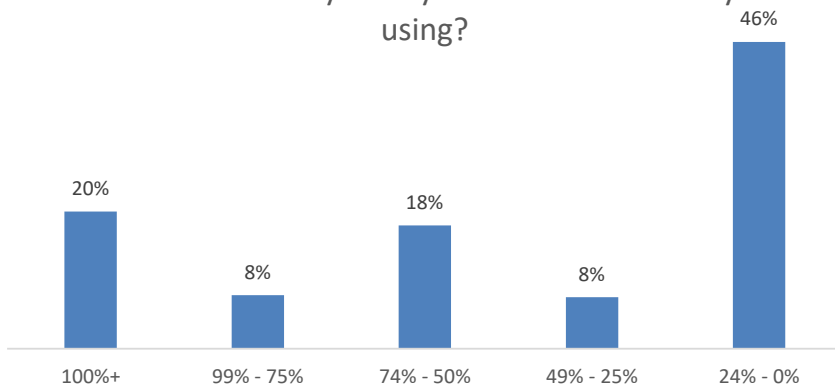
Meanwhile, the proportion of firms reporting an increase in revenue from March 2019 was 23%. For comparison's sake, this is substantially less than the 37% of firms in all sectors in BC that report being at or above normal revenues, according to CFIB.

Year-over-year change in revenue and percentage of firms without the cashflow to pay all of their bills (excl. VCM)



The average change in revenue for the five regions compared to the same month a year ago was -30%. Meanwhile, the proportion of firms unable to pay their monthly bills was 37%. These numbers are not significantly changed from the last survey, and cover the time period before the new 'circuit-breaker' restrictions were implemented.

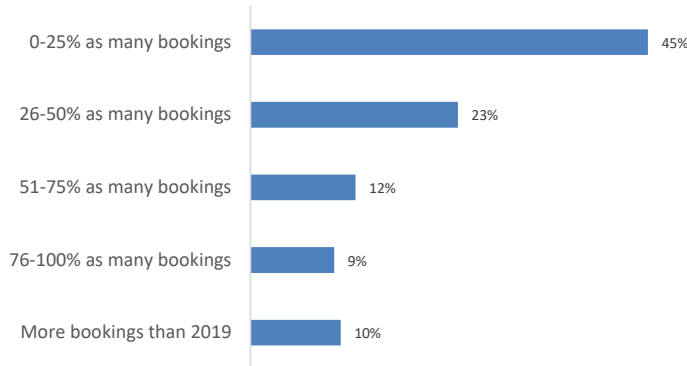
What percentage of your usual staffing capacity for this time of year is your business currently using?



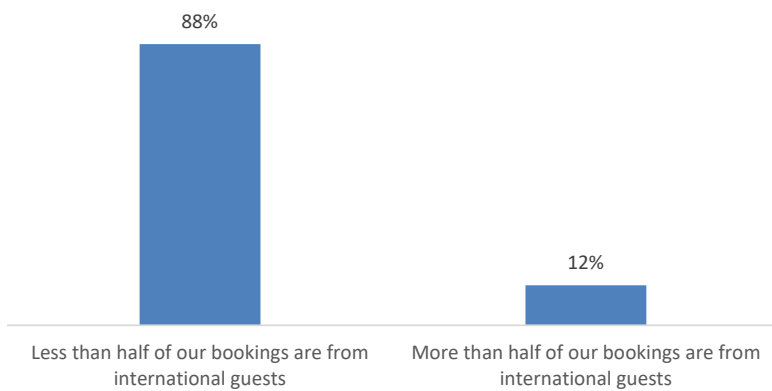
About 54% of firms reported using less than half of their usual staffing capacity for this time of year. This represents an increase of 18% since last month, and is significantly more than other sectors.

Overall, employment fell in Canada during the month of April by 1.1%, with unemployment rising by 0.6% to 8.1% as several provinces, including BC, implemented tougher restrictions on businesses.

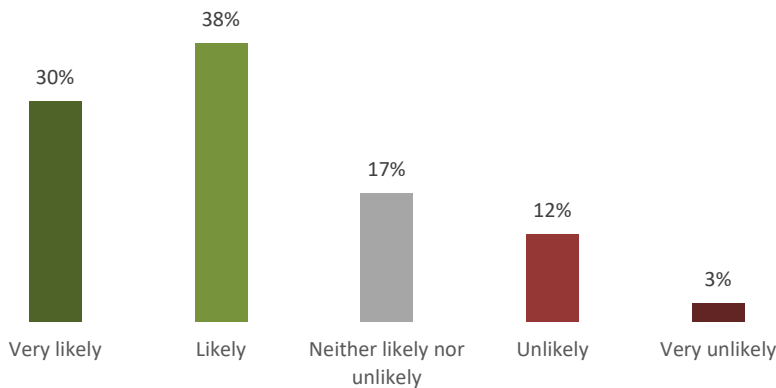
Compared to pre-COVID-19, how much volume do you have for summer bookings?



Approximately what percentage of your bookings are from international guests?



How likely is it that your business can survive another peak season without international visitors?



Compared to pre-COVID-19, most firms that take advance bookings are receiving far fewer bookings for summer 2021, with 48% receiving less a quarter of their usual bookings volume.

When breaking down these bookings by location, 88% of firms are receiving the majority of their bookings from domestic guests. This represents a decrease in international bookings from our last report, and far fewer international bookings than a normal year.¹

About 68% of firms believe it is likely their business can survive another peak season without international visitors. Firms that reported being least likely to survive another peak season without international visitors were in the Food & Beverage and Activity sectors (with 19% and 25% indicating they were unlikely or very unlikely to survive, respectively).

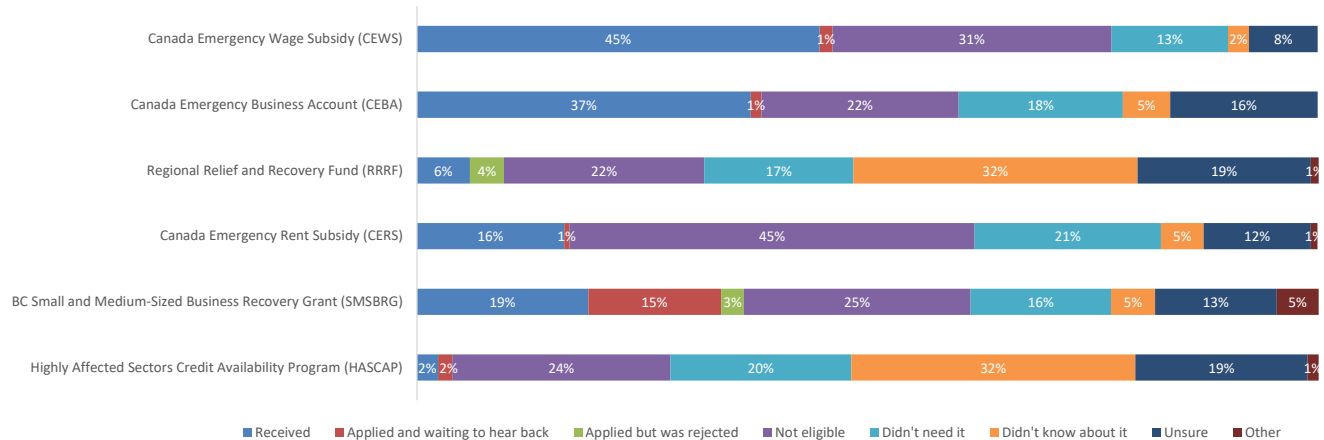
Even among those firms that indicated they were likely to survive, however, many indicated that they would be unable to survive with the continuing of *interprovincial* restrictions.

¹) Data from past surveys indicate that 23% of firms from these regions receive guests primarily from international sources (including the USA) in a normal year, while 77% receive guests primarily from within Canada.

45% of businesses in March reported having used the federal wage subsidy programs (CEWS). It remains the most commonly received federal or provincial program, followed by the Canada Emergency Business Account which is at 37%.

Of programs listed in the survey, the Canada Emergency Rent Subsidy (CERS) had the highest proportion of reported ineligibility (45%). 19% of businesses surveyed this month received the BC Small and Medium-Sized Business Recovery Grant (SMSBRG), representing an increase in take-up of 3% since the last report. Notably, the SMSBRG has the highest percentage of firms that have applied but are still waiting to hear back (15%), which is much higher than other programs. Only 2% of firms reported receiving the newly introduced HASCAP federal program, which was also one of the most unknown programs at 32%.

Access to federal and provincial programs



When asked to list the reasons why firms weren't eligible or did not apply for particular programs, some common themes emerged:

- The paperwork/application processes are too complicated & lengthy, making it not worthwhile
- The owner of the business does not reside in BC or the business is registered elsewhere, despite being located in BC, employing BC residents and paying BC taxes.
- Businesses are unable to provide information on revenue drops or employees due to being a seasonal business or having a different business model.

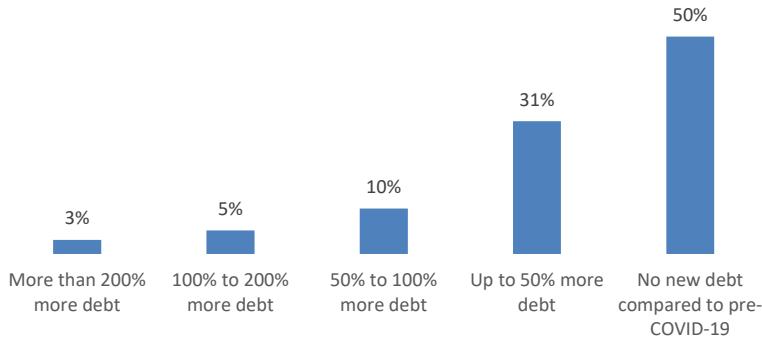
"We have been approved for the BC SMSBRG but have been waiting over five weeks for the money to transfer. We have incurred expenses this grant is to cover and now have no funds to pay for money we were told would be in our account." - Rural Accommodation

"We are not interested in taking on new debt.." - Remote activity business

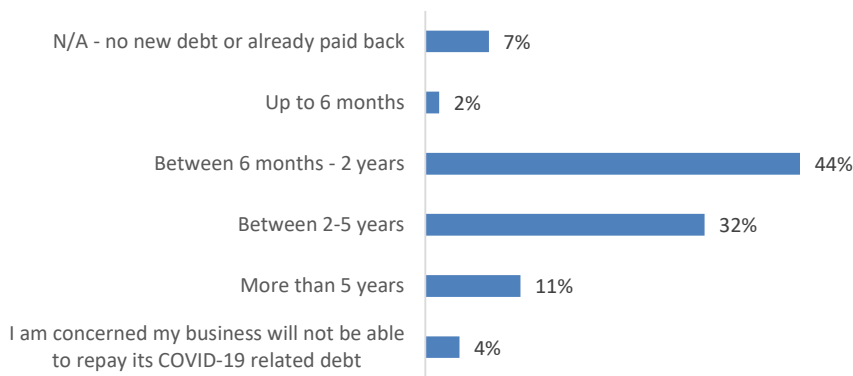
"We have non-Canadian ownership and did not meet the minimum income requirement due to being a seasonal business." - Rural activity business

"We have contract workers, and many of the program requirements don't take into account our business model." - Remote hotel/resort

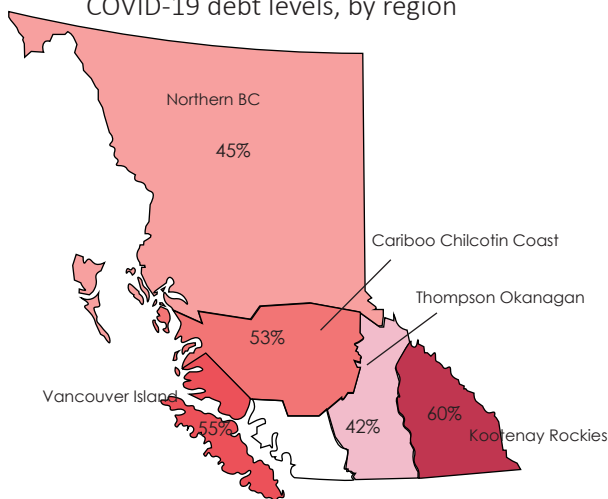
How much additional debt has your business incurred compared to pre-COVID-19 levels?



How long do you think it will take to pay back your COVID-19-related debt?



Percentage of firms that have incurred new debt compared to pre-COVID-19 debt levels, by region



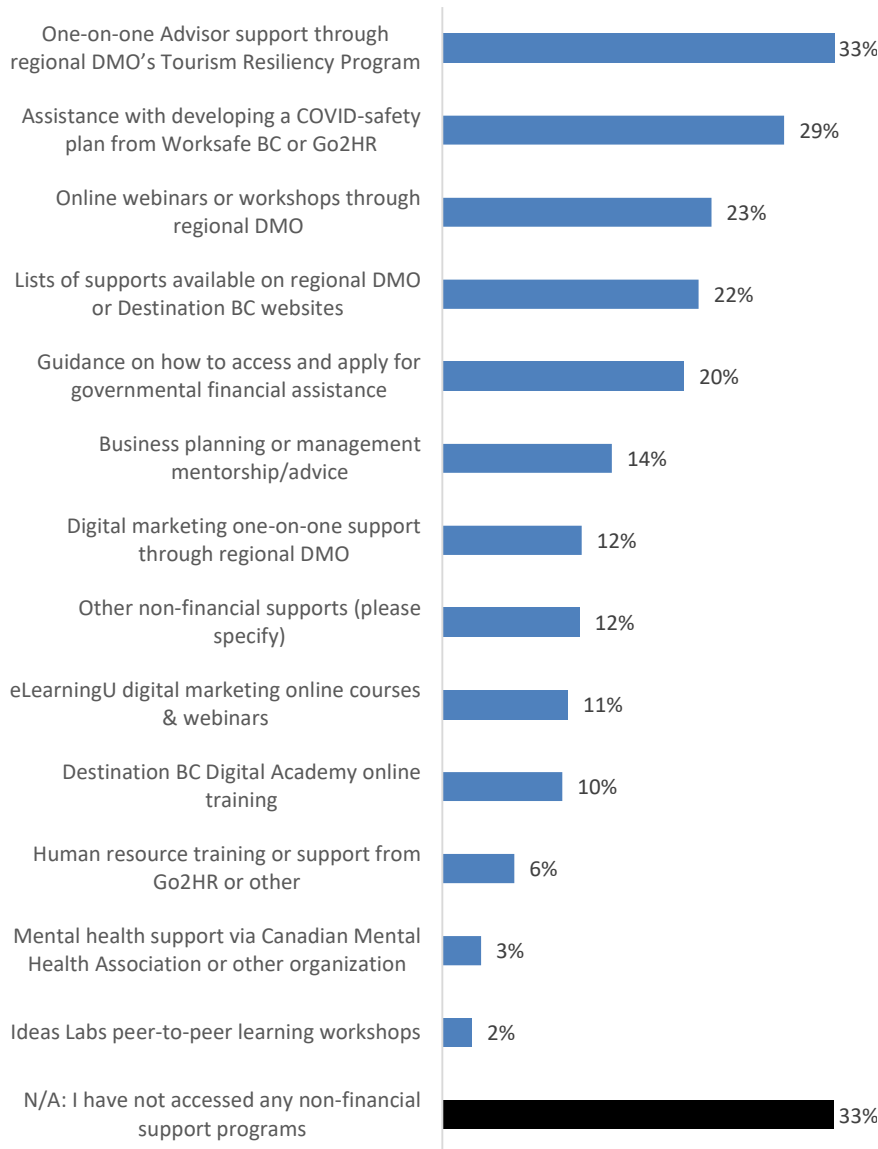
Compared to pre-COVID-19 levels, businesses are in far more debt. Half of all businesses surveyed indicated they had taken on more debt due to COVID-19, with many indicating they had incurred more than 50% more debt.

These figures also vary by sector. For example, firms in the Food & Beverage sector were more likely than the average to report having incurred some debt, with 75% of firms having taken on debt. The 'Activity' sector was most likely to have incurred more than 200% more debt, with almost 9% of firms having taken on this level of debt.

Firms were also concerned about how long it would take them to pay back their COVID-19-related debt. More than 45% of firms that had incurred debt believed it would be more than 2 years to pay off their debts.

Although there are some differences in the number of firms that have incurred debt between regions, all regions show a substantial number of firms are facing debt that will need to be paid off.

Non-financial supports received by firms



This report also aimed to identify which non-financial support were being used by businesses. As seen in the chart on the left, the most-used non-financial supports were One-on-One Advisor support through the Tourism Resiliency Program, and assistance with developing a COVID-19 safety plan from Worksafe BC or Go2HR.

When asked about additional non-financial supports that could be helpful, some of the responses included HR support, support with dealing with an outbreak in the business, and marketing and advertising support. Firms also highlighted that continuing financial support was vital for the survival of their business.

About one third of firms indicated that they had not used any non-financial support programs.

In additional observations and open-ended questions, businesses highlighted:

- Worries about the future impact of financial hardship and debt
- Difficulty finding employees and planning for summer hires
- Frustration with flow of information about government policies
- Concern with accessibility of support programs
- Fears about going into another summer season with travel restrictions still in place

“We are a small community that relies on tourism. Smaller businesses that do not have someone dedicated to looking into support programs are finding it hard to apply without professional help.” - Rural accommodation business (limited service)

“Our events and programs require audiences and participants - Without the ability to gather we cannot run any of our events.” - Remote festival/event

“We hope to attract local guests with updating our social media, but unfortunately right now we are very much dependent on when the borders will open and international travellers can enter Canada again.” - Remote hotel/resort

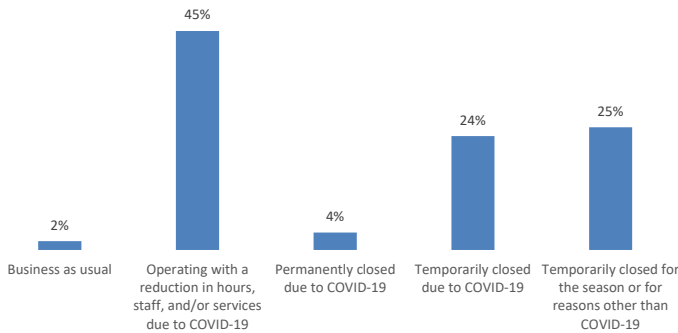
“While I have been closed since November and weathered it by being careful with spending, I have almost depleted my savings and am relying on business this summer to get me through next winter.” – Rural accommodation business (limited service)

“There is a huge difficulty in hiring staff due to the uncertainty about when it will be feasible to start the season, and how many shifts we will be able to offer. There is so little certainty about this that it is hard to be sure we can offer an employee a decent wage. It seems that most of the government support helped businesses that were lucky enough to open, but not those who were unable to open. ” – Activity- based business

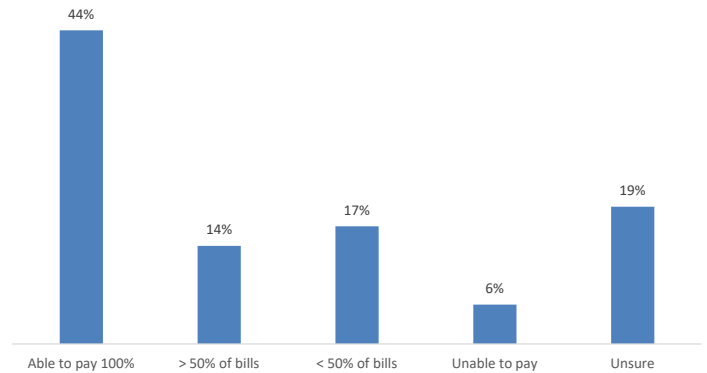
“Keeping up with protocols and rules and applying for programs is a full time job with the way they are made so complicated. Often the help isn't worth the hassle even when it is needed.” – Urban activity/retail business

“Without our international guests, it is imperative that interprovincial travel opens up. Last spring we were shocked to realize over 70% of our guest list was international. We are incredibly worried that if the border remains closed, there will be more refunds requested. We are spending money we do not have.” – Remote hotel/resort

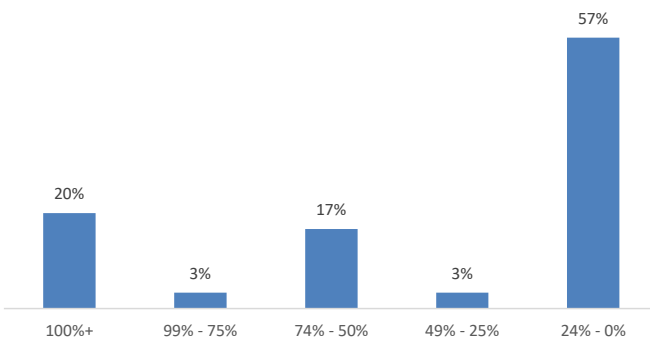
Please indicate the impact of COVID-19 on your current operations.



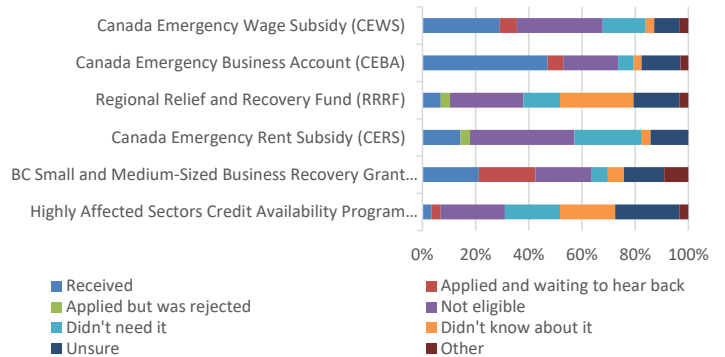
Ability to pay bills, March



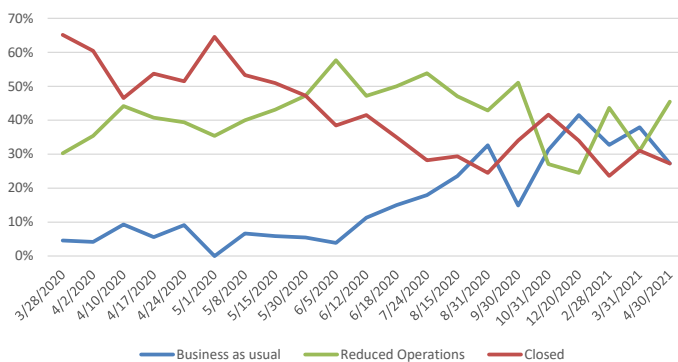
What percentage of your usual staffing capacity for this time of year is your business currently using?



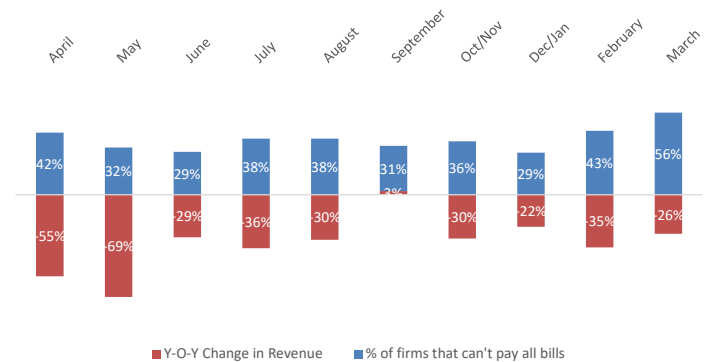
Government assistance take-up



Impact of COVID-19, share of responses since start of survey



Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills

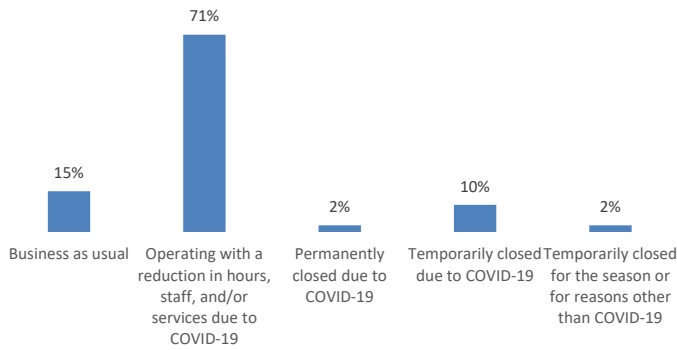


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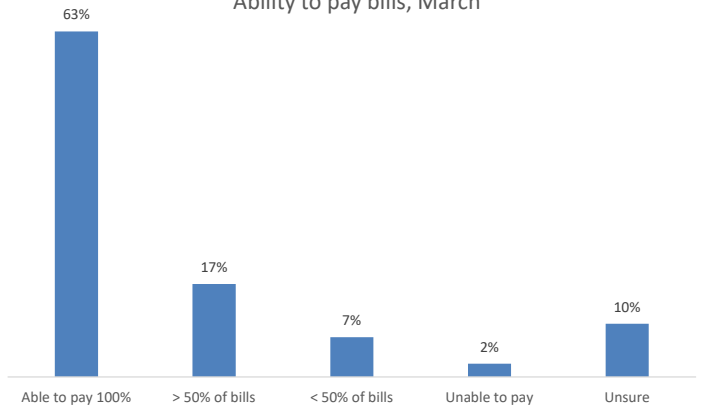
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

A response rate of 55% yielded 55 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10.

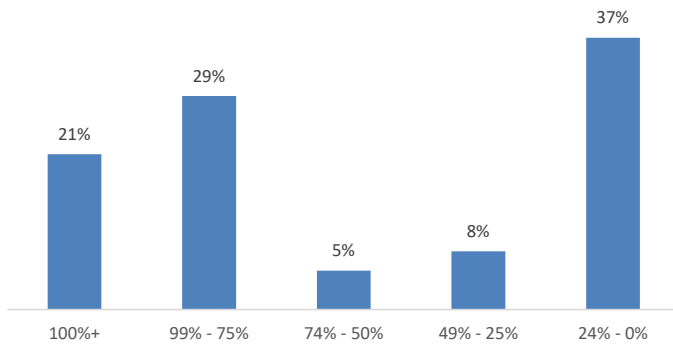
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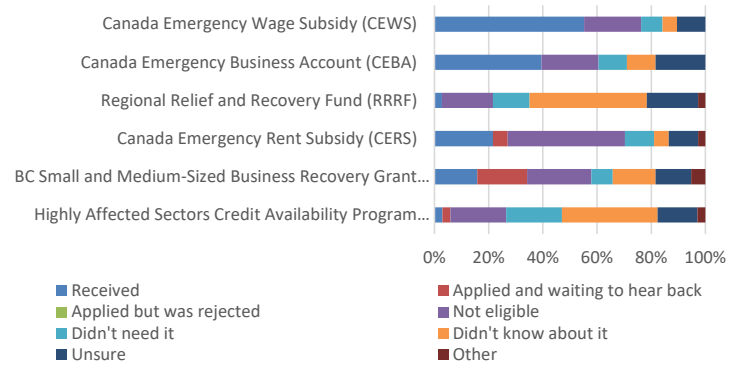
Ability to pay bills, March



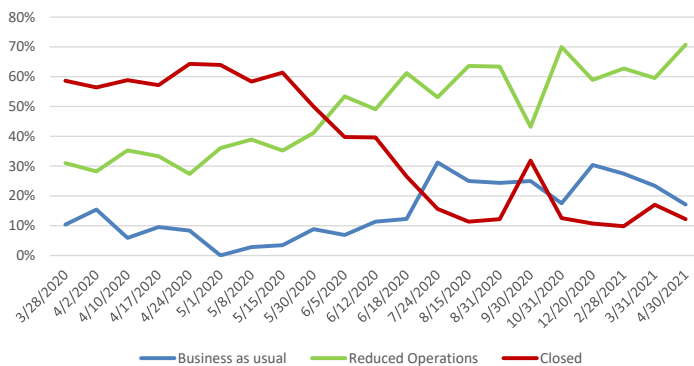
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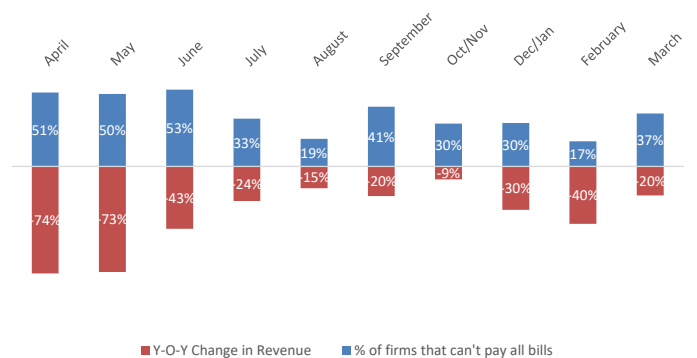
Government assistance take-up



Impact of COVID-19, share of responses since start of survey



Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills

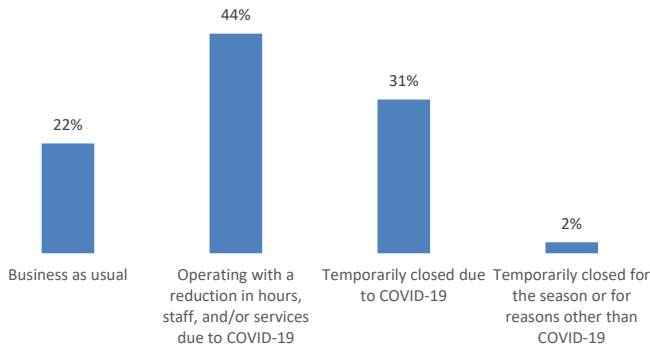


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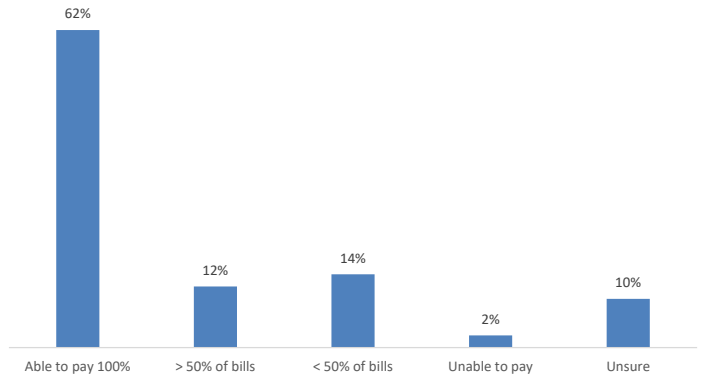
Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

A response rate of 44% yielded 44 tourism businesses, representing a margin of error for the regional questions of +/- 12%, 9 times out of 10.

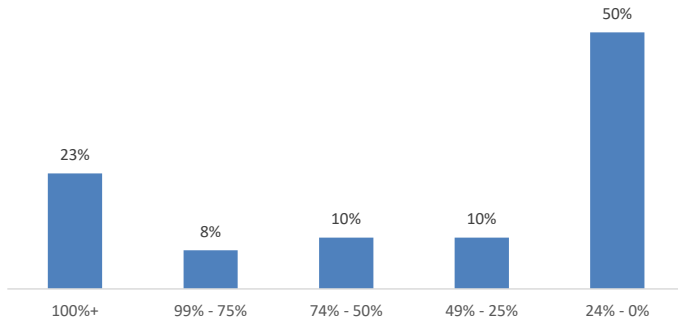
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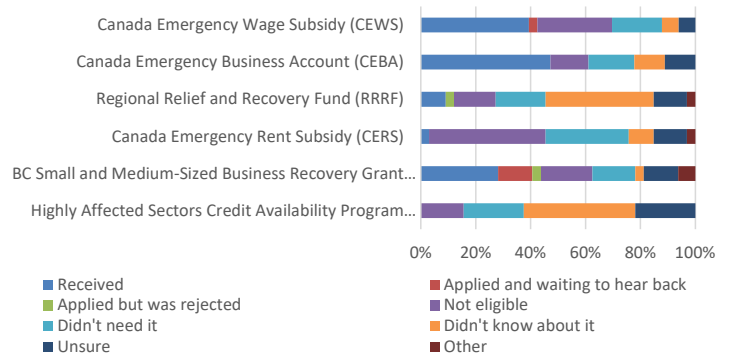
Ability to pay bills, March



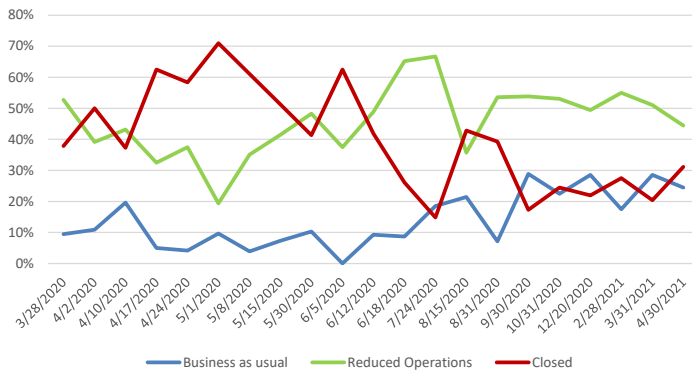
What percentage of your usual staffing capacity for this time of year is your business currently using?



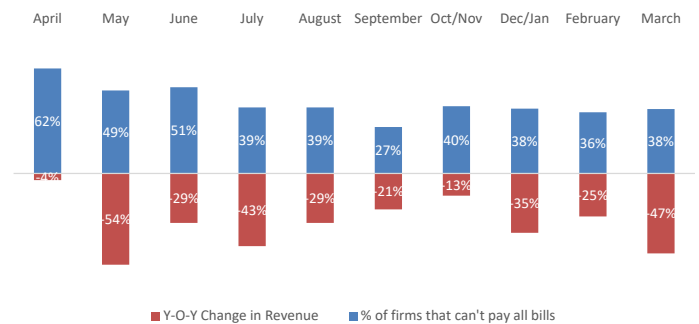
Government assistance take-up



Impact of COVID-19, share of responses since start of survey



Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills

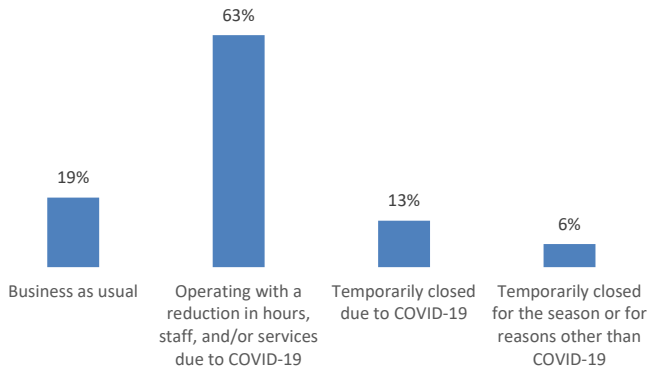


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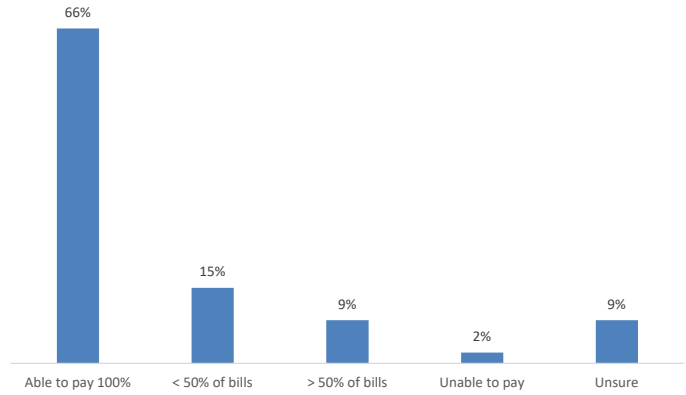
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 46% yielded 46 tourism businesses, representing a margin of error for the regional questions of +/- 12%, 9 times out of 10.

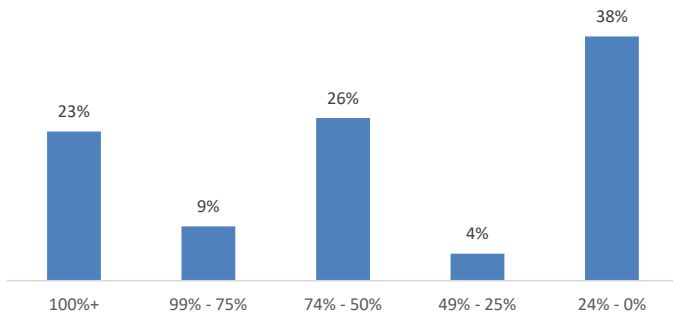
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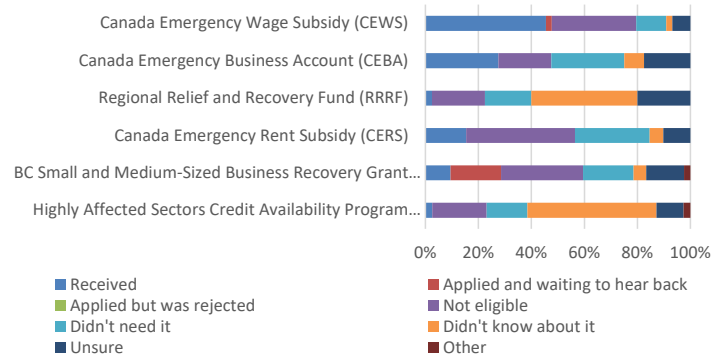
Ability to pay bills, March



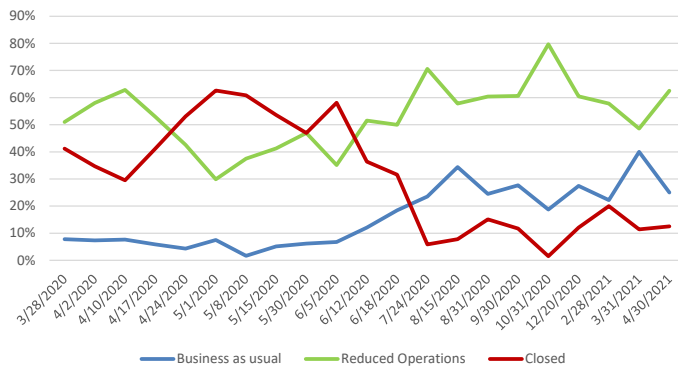
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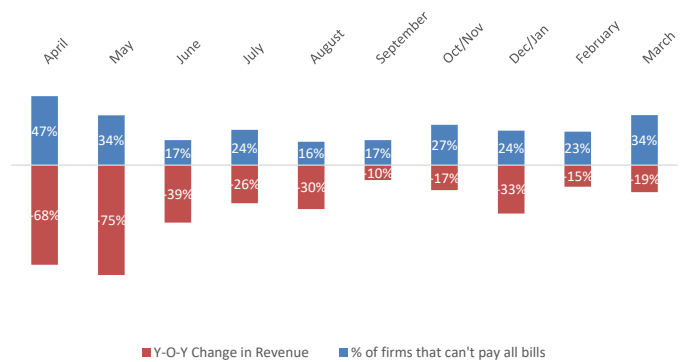
Government assistance take-up



Impact of COVID-19, share of responses since start of survey



Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills



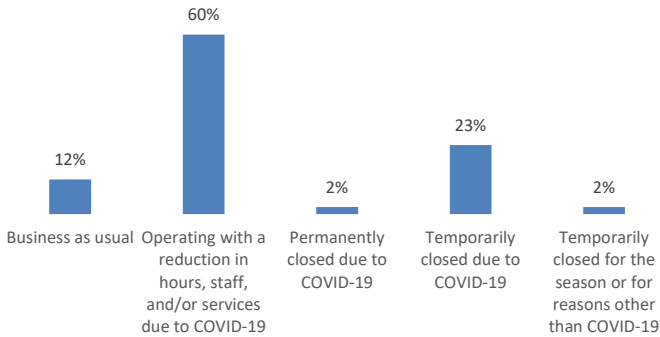
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Ellen Walker-Matthews
Senior VP and Acting CEO, THOMPSON OKANAGAN TOURISM

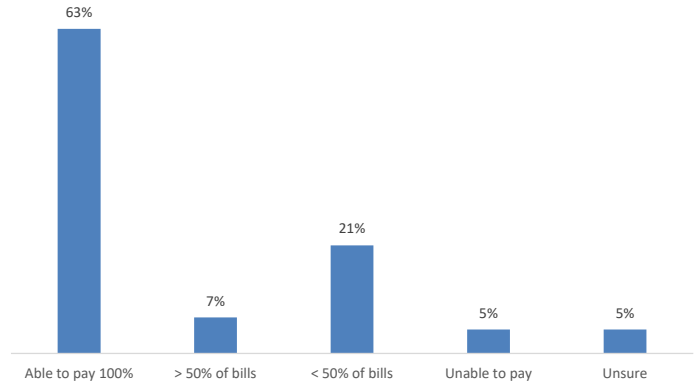
A response rate of 24% yielded 48 tourism businesses, representing a margin of error for the regional questions of +/- 12%, 9 times out of 10.

VANCOUVER ISLAND

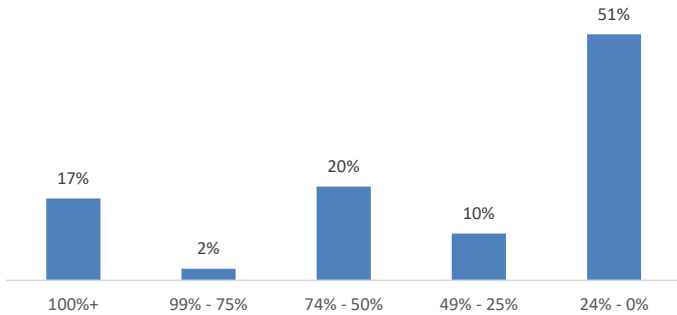
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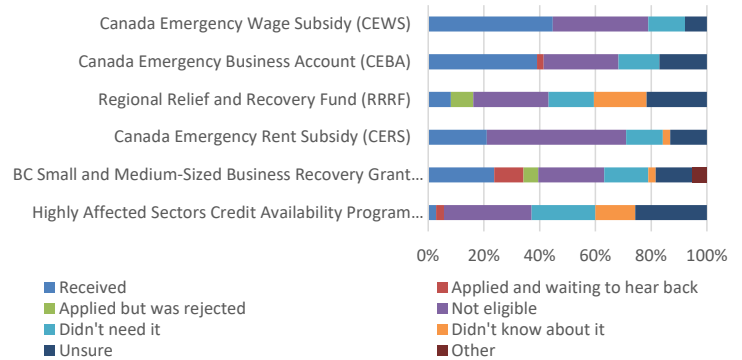
Ability to pay bills, March



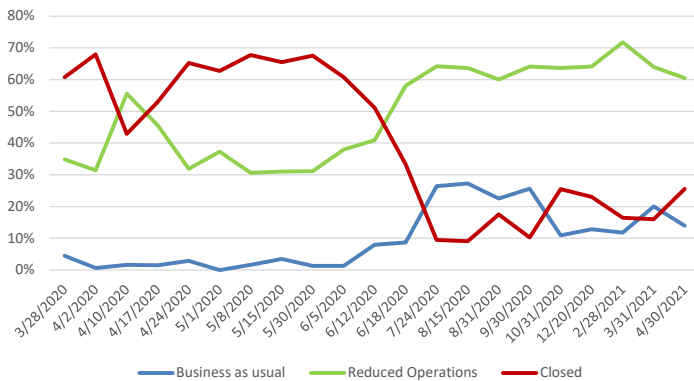
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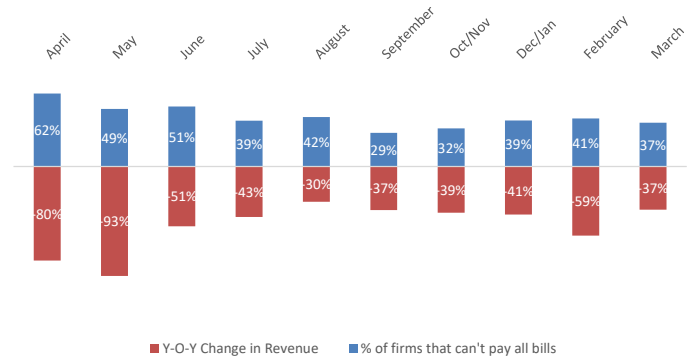
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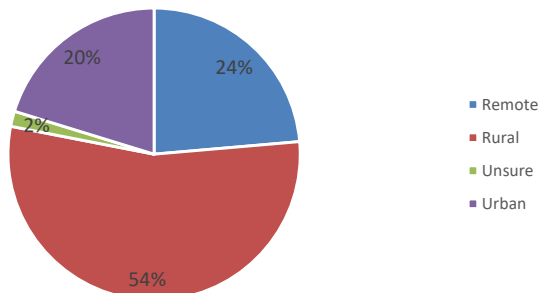
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Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

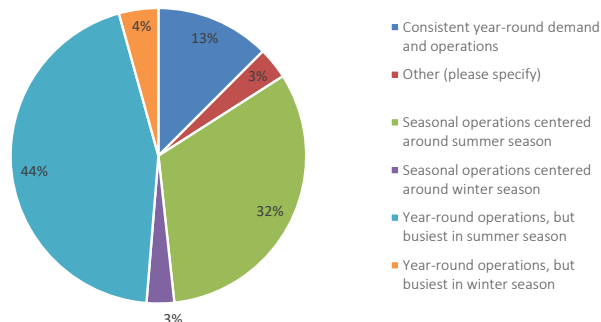
A response rate of 22% yielded 44 tourism businesses, representing a margin of error for the regional questions of +/- 12%, 9 times out of 10

APPENDIX: FIRMS SURVEYED

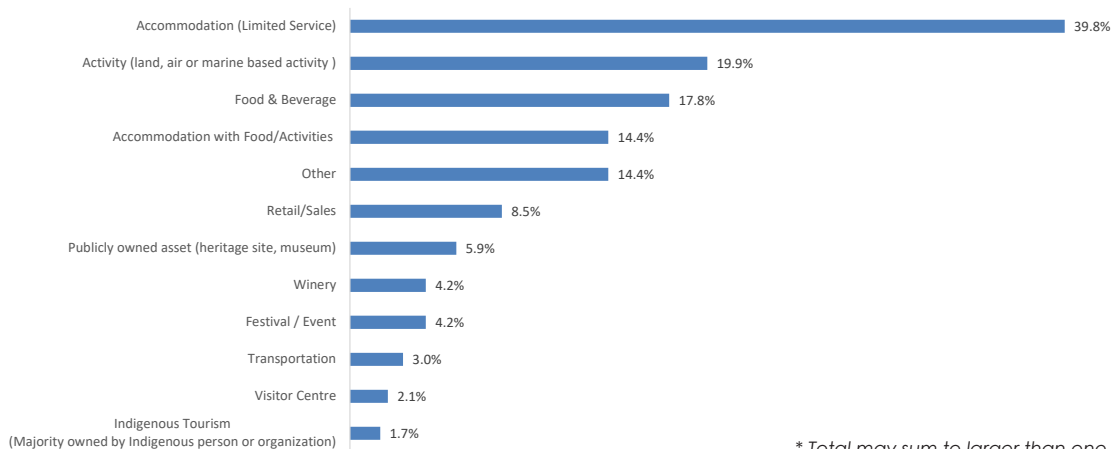
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

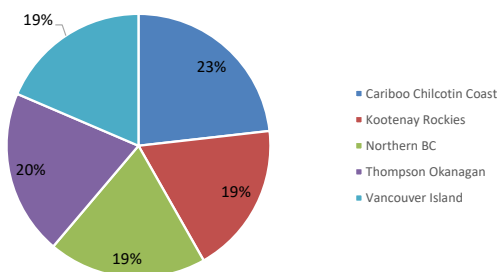


Proportion of firms by business type



* Total may sum to larger than one as firms were able to identify as multiple categories.

Which BC Tourism Region does your business primarily operate in?



Calculating means from a stratified sample:

This survey was completed using stratified sampling. Weights were applied to proportion results based on the number of tourism firms in each region.

Sample averages were computed as, $x^w = \frac{1}{N} \sum_r^R N_r \bar{x}_r$

Where N is the number of firms in all the regions, N_r is the number of firms in region r , \bar{x}_r is the average for region r . The number of firms are based on 2017 levels.