

To:	Warden McQueen and Members of Grey County Council
Committee Date:	April 23, 2020
Subject / Report No:	EDTC-CW-09-20
Title:	COVID-19 Impact on Grey County Businesses
Prepared by:	Savanna Myers, Director of Economic Development, Tourism & Culture
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	All
Status:	Recommendation adopted by Committee as presented per Resolution CW77-20; Endorsed by Council May 14, 2020 per Resolution CC50-20;

Recommendation

1. **That Report EDTC-CW-09-20 regarding COVID-19 Impact on Grey County Businesses be received for information.**

Executive Summary

The global pandemic is a trying and uncertain time for Grey County businesses, but governments at all levels are listening to understand how best to help. Several actions have already been taken in support of our business community, and many more are yet to come. The federal government is focusing on emergency income benefits for individuals, along with wage subsidies, access to credit and payment deferrals for businesses (including self-employed) to avoid layoffs and provide financial stability. The province's key supports are focused on assisting people and business through tax and other deferrals to improve cash flows, including interest and penalty relief for business. Grey County is assisting our businesses to understand and take advantage of these as well as helping them to setup or enhance their online presence while remaining compliant with closure restrictions.

Background and Discussion

The global pandemic has led to unprecedented times for our communities and economy, here and around the world. This is different than an economic slowdown (recessions) with reduced revenues and limited growth. The shutdown of non-essential

businesses eliminated much or all their revenue (but not their fixed expenses) and reduced purchasing power for workers resulting in an immediate and significant economic shock.

Business Overview

In Grey County, there are approximately 10,500 businesses. 70% (7,300) of these businesses are sole-proprietors or home-based business. Just over 3,000 businesses have employees, the majority with less than 19 staff (16% have 1-4 employees, 6.7% have 5-9 employees, 4% have 10-19 employees).

Tourism-related businesses make up about 13% (1,337) of the total, however there are only 53% sole-proprietors or home-based business, 18% have 1-4 employees, 13% have 5-9 employees and 8% have 10-19 employees. Tourism related businesses with employees make up 48% of the total versus 30% for all businesses, reflecting the customer-service orientation of tourism.

All-Sector Business Impact

Results of the Grey Business Survey are sobering. 318 businesses across all nine municipalities completed the survey and help illustrate the immediate and negative impact on our business community:

- 80% (257 businesses) indicate the impact is significant and growing fast.
- 56% of businesses have shut down operations
- 39% have laid off staff and 33% have reduced their hours of operation
- 42% of businesses will have difficulty making ends meet in a few months
- 29% of businesses need help immediately, 20% will be ok for six months

From the federal and provincial governments, businesses are looking for:

- Immediate financial assistance/aid (grants)
- Support for people who have lost work (including business owners/self employment benefits similar to EI)

From municipal government, businesses are seeking:

- Tax relief or deferrals (extended deadlines, property tax adjustments, no late fees)
- Financial support (grants, anything but a loan, cash to cover living expenses)
- Communication and marketing awareness (assistance in how to get it, help promoting business is still open, promoting local shopping now and post COVID, strong partnerships between municipalities/county now and post-covid, positive messaging).

Tourism Specific Impact

Data from RTO7 (BruceGreySimcoe) was provided and is summarized below. This is based on 584 surveys in RTO7 which comprised a healthy part of the 3,457 surveys completed across Ontario.

- 59% of tourism businesses are closed temporarily.
- 31% of tourism businesses have laid off staff, and of those 39% have laid off from 76 to 100% off their staff.
- 67% of tourism businesses are at risk of closing temporarily in 3 months.
- More than 30% of businesses are at risk of closing permanently in 3 months.
- Over 50% of tourism businesses have seen a drop in sales/revenue in their first 3 months of 2020 compared to their first 3 months of 2019.
- 65% of businesses requested that government taxes, dues and financial demands be waived for the next 12 months, starting immediately.

Grey County Approach to Economic Development

The Grey County Economic Development Working Group was developed in 2015 as part of the strategic plan. This working group consists of:

- Grey County Economic Development & Planning Staff
- Nine Member Municipality Staff (Economic Development Officer or CAO)
- Provincial representatives (Ministry of Agriculture, Food & Rural Affairs, Economic Development, Job Creation & Trade)
- Community Partners (Bruce Community Futures Development Corporation, Saugeen Economic Development Corporation, Four County Labour Market Planning Board, Georgian College, South Georgian Bay Small Business Enterprise Centre)

In 2020, tourism staff and community partners became part of the amalgamated working group along with YMCA Employment Services.

The Economic Development Working Group began coordinating efforts beginning on March 17th to keep messages consistent and businesses informed. Given our working group was already set up we were able to move quickly and consistently to coordinate and take action. County staff are in constant contact with our municipal staff and community partners through this group, working more closely now than ever before.

Actions taken to date

We recognize that businesses need a stream of revenue coming in to cover fixed obligations and support to retain their workforce so they can resume operations. All levels of government are actively listening and regularly introducing new programs and measures to assist businesses cash flow and retain employees where possible during

the pandemic. That is why on March 18, Grey County launched the [COVID-19 Resources for Business](#) page on grey.ca. This page is the one-stop-shop for businesses containing curated resources from trusted federal, provincial and local sources. Content is updated almost daily to keep current as the information available is fluid, and ever changing as all parties try to navigate this unprecedented situation.

On the same day, the All-Sector Grey Business Survey was launched to better understand the impact of the pandemic on our businesses. The survey was coordinated through Western Ontario Warden's Caucus to try and gain a more fulsome regional picture. 318 businesses completed the survey before it closed on April 9.

On April 15, the follow-up survey was launched, once again in coordination with the WOWC to determine where the impact on business is now and where they are finding assistance or seeing barriers.

With ongoing review of survey results, staff were able to amend the resources available on the website and develop a promotional tool to better assist our businesses.

On March 31st the [Community & Business Resiliency Map](#) was launched. The map was created in just three days through a collaboration of County IT and Economic Development staff, including a PSA partnership with Bayshore Broadcasting to populate and promote the map. This tool is a place where businesses that are open through the COVID-19 pandemic can promote services and changes to operations with a free listing. It includes essential services that remain open as brick-and-mortar locations, and businesses that have moved sales entirely online. The map has been incredibly well received by our businesses, residents, organizations, and even recognized by our global network through the Intelligent Communities Foundation (ICF) in New York.

On April 3rd, following consultation with legal service, local law enforcement agencies and the province, staff were able to provide clarity to non-essential businesses of their new operating abilities under O. Reg 82/80, which were confirmed to be accepted locally by enforcement officers.

The week of April 6th, several webinars were hosted to assist our business community. Of particular note, OCNI hosted a special session for business in Bruce, Grey and Huron Counties to navigate the provincial and federal programs. Our Business Enterprise Centre staff arranged a webinar with Shopify to help small businesses make the move online.

On April 8, the Warden sent a letter to MPP Bill Walker and MP Alex Ruff outlining concern from the business community regarding bank and credit card fees.

On April 16, staff launched a formal call in option for businesses looking for further assistance or an ear, to navigate programs or help to pivot their business.

Tourism Specific Actions

The tourism team has done an incredible job coordinating with their provincial and federal networks through RTO7, TIAO and TIAC to ensure our local businesses are well informed and given every opportunity to share their experiences through regular surveys and town halls with the Minister of Heritage, Sport, Tourism & Culture Industries.

Staff are participating in weekly RTO7 meetings with our neighbours in Bruce and Simcoe to coordinate messaging, share trends and best practice and consider recovery options for the region.

Messaging was also developed by the emergency communications team at Grey to ensure the corporate messaging is tightly woven into to the consumer side of tourism as well. Consumer communication will be limited during the emergency in an effort not to entice visitors to break public health recommendations.

Focus on Agri-Food

The ag sector is for the most part being protected and supported. Supports include:

- Designation of entire value chain as essential service
- \$5B transfer to FCC for loans
- Seasonal Ag Worker travel ban exemptions
- Reductions in electricity bills
- Coincidental record-low fuel prices

Most recently, Ontario has created a portal to help workers find available jobs in the agriculture and food sectors. Explore links to employers, recruiters and industry organizations here. Locally, by mid March, apple-growers and tourism industry matchmaking was launched and to date has been a success.

Ag and food businesses that are specialty (specialized skills/knowledge, high labour ratio) or that rely on hospitality / tourism face significant barriers. Massive layoffs put workers at personal risk. Many small food-related businesses closed voluntarily because they did not want to put staff or public at risk. Businesses are afraid that they will be evicted if there are no protections for renters.

Staff are tracking news stories and speaking with businesses daily.

Federal and Provincial Supports

Staff are encouraged by the daily announcements from both federal and provincial leaders. We continue to decipher the information as it becomes available to better support our businesses navigate access to programs, not limited to:

- Canada Emergency Response Benefit
- Canada Emergency Wage Subsidy
- Business Credit Availability Program
- Canada Emergency Business Account
- Ontario Together Fund

Industry Association Partnership

Most recently, our three industry associations – Economic Development Council of Ontario (EDCO), Tourism Industry Association of Ontario (TIAO) and Ontario Business Improvement Area Association (OBIAA) have partnered to represent the downtowns and small and medium sized businesses (SMEs) across the province. On April 13, a letter was sent to our provincial and federal ministers with a request of three practical steps to counter the unparalleled threats to businesses and jobs in Ontario:

- Commercial rent relief
- Interest relief on debt
- Financial aid, not debt deferral

These associations play an important role in relaying information collected locally to upper levels of government and will hold an important seat at the table during recovery planning.

Assumptions and Recovery

Even with some financing options, this level of impact will not be survivable for many businesses if the current state remains more than a few months. Some businesses will choose to close and not re-open, and others will have no option but to close. Federal and provincial governments are providing liquidity which hopefully allows for businesses to bridge until the closures and restrictions have stopped. Regardless, there will be significant business turmoil and uncertainty when the economy opens back up.

Unfortunately, many of the initiatives economic development and tourism were working on are now irrelevant. For example, much of our attention was focused on attraction efforts to offset the historically low unemployment rates. As a result of the pandemic, our unemployment rate will grow. To date, the unemployment rate for our region grew by 1% in March to 5.9%. This rate is expected to continue a steep upward trajectory. Staff will be ready to implement these programs when the time is right. In the meantime, we are spending this time listening to our businesses and their changing needs so we can be nimble and pivot our services as quickly as they are pivoting theirs.

At this point, it is still too early to plan for recovery. We know this situation will get worse before it can get better. That said, members of the economic development working group are certainly thinking about key actions and initiatives that can be quickly

implemented while further planning is underway. It will be necessary to coordinate this planning and implementation at all levels of government and continue this collaboration post-pandemic to realize the greatest benefit. Locally, the economic development working group is committed to continuing our work together, with our business community and partners to avoid duplication and allocate resources where they are needed most.

Important Tools for Recovery

Grey County and its member municipalities have a number of tools available to support businesses and restart their local economy after the restrictions are lifted. These are outlined below:

1. Business Consultations & Mentorship Support
 - a. Business Enterprise Center, Catapult Grey Bruce and local economic development staff and agencies can provide consultations, answering specific questions and directing to government support programs. Virtual seminars and workshops focusing on the new issues should be held free of charge.
 - b. A transition plan has been developed for Catapult Grey Bruce to be ready to publicly launch when restrictions lift. It's anticipated there will be high demand for services, especially mentorship, when business resumes as normal and staff are working to ready the organization for this.
2. Community Improvement Program (CIP) allow municipalities to provide grants and incentives for businesses. Additional grants could be introduced, though loans and financing are not recommended. The CIP will be even more important as the economy begins to rebound as it can help incent development that otherwise may be stalled.
3. Retain the vacancy rebate for businesses who may experience increased vacancy as a result of permanent business closers, in addition to deferred penalty and interest and payment due dates to alleviate cash flow concerns.
4. Shovel ready projects – While this is not the priority at the moment, municipalities should have shovel ready projects ready that the upper levels of government may want to fund in an effort to kick start the economy.
5. Marketing – County staff and partners will develop targeted and strategic marketing to encourage travel to and spending within Grey County once it is safe to do so.

These tools are certainly not exhaustive but are some of the items staff continue to pursue as we prepare to plan for recovery. As new ideas and plans come forward through the economic development working group, further reports to Council will be prepared.

Legal and Legislated Requirements

There are no legal or legislated requirements relating to this report.

Financial and Resource Implications

There are no financial or resource implications relating to this report.

Relevant Consultation

- Internal – Economic Development and Tourism staff
- External – Economic Development Working Group

Appendices and Attachments

[All-Sector Grey Business Survey Results](#)

[COVID-19 Survey One Results TIAO-RTO7](#)

[COVID-19 Survey Two Results TIAO-RTO7](#)