



June 19, 2020

Hon Lisa McLeod
Minister of Heritage, Sport, Tourism and Culture Industries
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Toronto, ON
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Re: Recovery Plan for Group Tour/Student Tour Industry

Dear Minister,

I know that I don't need to tell you how severe the devastation in the tourism industry has been as a result of the COVID-19 shutdown. Over the last several months I have heard you many times describe the desperate situation of tourism as eloquently as anyone.

But I do want to reinforce with you that the hardest hit segment, and the one that will have the hardest time recovering, is surely the group and student travel segment of the industry. Because we do the very two things that we can't do right now, travel, and particularly in groups. That is why we need to seek your help in implementing a recovery plan that will not only help our segment of the industry, but tourism as a whole.

I think it's important to note that group travel was already under considerable pressure before COVID-19 hit due to the labour disruption with Ontario teachers. Student travel is a large part of the motor coach and group travel sector, and as I'm sure you know, as a result of the teacher's bargaining tactics, there were few if any student groups travelling last fall. Many tour operators and coach companies had already suffered fairly significant economic loss as a result of the teachers' work to rule campaign, and then COVID -19 shut them down completely when they were already weakened, exacerbating the impact of COVID-19 on these companies.

To give you some perspective on the importance of this critical segment of the industry, we estimate that during peak season, motor coaches and group travel tour operators move over 600,000 travellers per month. Each of whom spends money in all of the other segments of the tourism industry, attractions, events, sporting activities, etc.

While it is sometimes hard to see and quantify the overall economic impact of group travel within Ontario, the impact is very real nonetheless. We support all of the other segments by bringing groups to fill theatres, museums, hotels, skiing locations, sporting events, and so on. There are very few Ontario tourism activities that do not derive support and value from group and student tours.

Recognizing that the tourism industry, and this important segment in particular, has been devastated by the COVID-19 shutdown, the challenge for us all now is to determine how best to help the industry recover and return to economic viability. While the industry is taking on the responsibility for doing all that it can on its own to adjust to the “new normal”, there are two issues that are simply beyond our ability to resolve, and that is why we are seeking your Ministry’s help to remove these barriers to recovery.

First, a lack of resources to invest in marketing campaigns to help attract people back to group travel. Having spent all of their reserves surviving first the teachers job action and now months of COVID-19 shutdown, most operators have little or nothing left to reinvest in attracting customers back to tourism.

In order to address this challenge, we would request that your Ministry allow group and student tour operators to access some of the Ministry’s marketing dollars by submitting marketing plans, which, if approved, the Ministry would support by providing a grant of up to 50% of the approved amount. We would suggest that this support be capped at \$40,000 per operator in order to make the cost manageable for the Ministry.

We would support a criteria requiring that these marketing plans be focused on Ontario tourism only. We all expect that in the opening phases of the recovery, local travel will be the first to come back and we are only seeking assistance in promoting travel within Ontario, to Ontario destinations.

We estimate that there are roughly 80 to 100 tour or coach operators that would be eligible, and not all would have \$80,000 marketing plans making them eligible for the maximum subsidy. We estimate that this program would therefore require approximately \$3.5 million in marketing dollars for the entire industry.

Our second challenge is the inability to make group travel economically reasonable given limitations on the number of people who can ride in a coach due to social distancing requirements. In essence, if a coach can only take 50% of its normal capacity in order to keep passengers suitably distant, how can we keep the cost down for those tourists given that the coach company can’t cut costs below a certain point and still be viable.

While we recognize that market forces will likely depress the rate operators can charge for a coach there is only so much they can do to reduce the price not only because their fixed costs for insurance, financing costs, driver pay, fuel, and maintenance, remain the same, but also because they are facing increased costs in order to do daily cleanings, provide PPE to their drivers and staff, etc.

At the same time, the group hiring the coach can only afford 50% of the normal price unless they raise prices, because they only have 50% of the normal group size.

The challenge is how to bridge that gap without increasing the per passenger price, and thereby discouraging tourism.

To solve this problem, and get the groups rolling again supporting the rest of Ontario's tourism industry, we are proposing that your Ministry establish a program to provide a \$400/day subsidy to coach operators for Ontario destination trips in order to help reduce the transportation costs for groups.

While we certainly can't expect to achieve normal volumes for several months yet, we believe that with this financial help we could expect to see some 500 coaches doing Ontario destination trips, operating about half of the days per month. That would be some 7,500 coach trips per month. With 25 people (50% of the normal capacity), on each trip, that support would enable us to take 187,500 tourists to Ontario tourism destinations.

If we achieved this, at \$400/day, the cost to the government would be \$3 million/month. That adds up to only a \$16 per passenger subsidy. In terms of economic payback through the entire tourism industry, this relatively small, strategic, targeted investment in priming the pump would pay very large dividends.

Minister, we are doing what we can within our own powers to get tourism literally moving again. But we simply can't do it alone. The damage done to our sector by the one-two combination of the teachers' job action and the COVID-19 shutdown has been too deep and too severe for us to recover on our own. But with your help, as proposed above, I know that we will be able to enter 2021 with hope and optimism and the ability to fully participate in the rebuilding of Ontario's tourism industry.

Thank you for your consideration and I look forward to discussing our proposal with you and your officials.



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