
From Crisis to Recovery: How COVID-19 is Impacting Businesses in Thunder Bay

APRIL 2020

**Thunder Bay District
COVID-19 Business Impact
SURVEY**

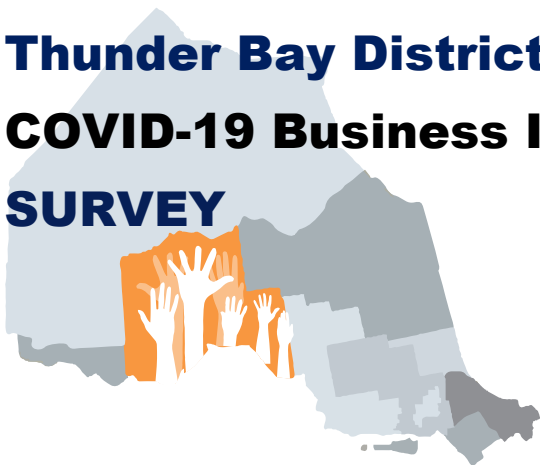




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Partners



Northern Policy Institute is Northern Ontario's independent think tank. They perform research, collect and disseminate evidence, and identify policy opportunities to support the growth of sustainable Northern communities. NPI operations are located in Thunder Bay and Sudbury. They seek to enhance Northern Ontario's capacity to take the lead position on socio-economic policy that impacts Northern Ontario, Ontario, and Canada as a whole.



The North Superior Workforce Planning Board (NSWPB) is one of twenty-six Workforce Planning zones across Ontario, mandated through the Ministry of Advanced Education and Skills Development to identify, assess and prioritize the skills and knowledge needs of community, employers and individual participants/learners in the local labour market through a collaborative, local labour market planning process.



The Thunder Bay Community Economic Development Commission (CEDC) is responsible for business development, business retention and expansion, entrepreneurial support, opportunity promotion, and collection and assessment of key business data.

They can help with community information and statistics, networking and referrals, assistance in site selection, and labour market data.



The Thunder Bay Chamber of Commerce is a voluntary, member-driven organization of individuals and businesses working together to advance the commercial, financial, and civic interests of the Thunder Bay community. They pool resources to offer member learning opportunities, address policy issues, facilitate connections between members, and aim to bring businesses together to work towards common goals.



Introduction

COVID-19 has been felt all around the world, and Northern Ontario is no exception. As such, it's important to understand how COVID-19 has impacted our local economies. With this in mind, a survey targeted at businesses was developed in partnership by Northern Policy Institute, North Superior Workforce Planning Board, Thunder Bay Chamber of Commerce, and Thunder Bay Community Economic Development Commission.

The results gathered from these surveys can be used by community partners and government to continue responding appropriately to COVID-19. The survey will be provided monthly to businesses in the City and District of Thunder Bay.

Results

The results of Thunder Bay's Business Impact Survey for the month of April are summarized below. The survey collection period was between April 27th and May 4th, 2020. During this period, the number of confirmed COVID-19 cases in Ontario increased from 15,381 on April 27th to 18,310 on May 4th (Government of Ontario n.d.). Further, there was an average of 58.6 deaths due to COVID-19 per day (CBC 2020). Finally, at this time, the Ontario government had a gradual opening roadmap without any dates (Rodrigues 2020).

For the Thunder Bay survey, there was a total of 77 valid responses. Unless stated otherwise, all percentages are calculated based on the number of respondents to the relevant question.

Out of businesses who responded to this survey, 79.2 per cent stated that their primary business location was Thunder Bay (Table 1). The percentage of businesses that stated their primary business locations in other communities are also stated in Table 1.



Table 1. Percentage of businesses that stated the region as their primary business location

Primary Business Location	Percentage of Businesses
Thunder Bay	83.1
Manitouwadge	3.9
Greenstone	3.9
Terrace Bay	1.3
Fort William First Nation	1.3
Kashabowie	1.3
Oliver Paipoonge	1.3
Kakabeka	1.3

BUSINESS CONTINUITY IMPACT

32 per cent of employers would classify the strategic risk that COVID-19 poses on the long-term prospects of their business as highly negative (this could put them out of business), 46 per cent as medium negative (this is going to significantly impact their financials), 14 per cent as low negative (this may impact their financials, but they are confident they can weather the storm), 7 per cent as medium positive (they are seeing increased demand for some of our products/services) and 1 per cent as highly positive (they have added staff and expanded production to meet demand).

Out of businesses who stated having secondary or affiliated operations in communities, 20 per cent would classify the strategic risk that COVID-19 poses on the long-term prospects of their business as highly negative, 50 per cent would classify the strategic risk as medium negative and 25 per cent would classify it as low negative.

Out of businesses who only operate in one community, 20 per cent would classify the strategic risk that COVID-19 poses on the long-term prospects of their business as highly negative, 60 per cent would classify the strategic risk as medium negative and 12 per cent would classify it as low negative.

The level of strategic risk that COVID-19 poses on the long-term prospects of businesses per industry sector is shown in Table 2 below. The levels of strategic risk were comparable between the goods-producing industries and the service-producing industries. Slightly more goods-producing businesses ranked their strategic risk as low negative and medium positive whereas slightly more service-producing industries ranked their strategic risk as highly negative and medium negative. The business sectors were aggregated into goods-producing industries and service-producing industries for privacy purposes (Bureau of Economic Analysis, 2006).



Table 2. Percentage of businesses that classified the strategic risk that COVID-19 poses to long-term prospects of their business by industry sector

	Strategic Risk COVID-19 poses to long-term prospects of your business						
	Highly negative (this could put them out of business) (%)	Medium negative (this is going to significantly impact their financials) (%)	Low negative (this may impact them financially, but they are confident they can weather the storm) (%)	None (%)	Low positive (demand for their products/services has changed but is still sufficient to maintain operations) (%)	Medium positive (they are seeing increased demand for some of their products/services) (%)	Highly positive (they have added staff and expanded production to meet demand) (%)
Goods-producing Industries	23.1	53.8	15.4	0.0	0.0	7.7	0.0
Service-producing Industries	24.4	57.1	12.6	0.0	0.0	4.2	1.7

Note: Based on businesses that selected an industry sector (NAICS) in terms of which they operate in (whether it be primary sector and/or other sectors)



Out of the businesses that responded to the question “How has COVID-19 impacted your business’s/organization’s operations?”, the percentage that agreed with the provided options are below (Table 3). Some important points include that 45 per cent have closed their business/organization temporarily, 28 per cent have reduced their staff and 25 per cent have reduced their hours. Respondents could choose more than one option.

Table 3. COVID-19 Impacts on Businesses/Organizations

COVID-19 Impacts on Businesses/Organizations	Percentage of Businesses stating being impacted in this manner (%)
Closed business/organization temporarily	45
Reduced staff	28
Reduced hours	25
Working remotely but continuing operations	24
Operating online	18
Accepting telephone orders	13
Other business innovations/changes	13
Delivering new services	9
No impact	4
Closed our business/organization permanently	3
Re-tooled to manufacture in-demand supplies	3
Increased hours	1
Increased staff	1
Developed new partnerships with businesses, non-profits or charities	1



Out of the businesses that responded to the question “What additional impacts from COVID-19 has your business/organization experienced?”, the percentage that agreed with the provided reasons are below (Table 4). To summarize, 45 per cent of businesses who answered this survey stated that their business equity/value has fallen while only 1 per cent stated that their business equity value has increased, respectively. For those that answered that their business equity/value has fallen, 50 per cent stated it has fallen significantly, 47 per cent stated it has fallen noticeably and 3 per cent stated it has only fallen slightly. 19 per cent of businesses stated that they had to cancel contracts and 36 per cent stated that they had contracts cancelled. Only 1 per cent and 4 per cent stated that they signed new contracts with the government and with other businesses, accordingly. 52 per cent of businesses are experiencing decreases in sales whereas only 3 per cent of businesses are experiencing increases in sales. 55 per cent of businesses have had to restrict spending because of the uncertainty of the pandemic and 40 per cent stated that their debt load has increased. On a positive note, 36 per cent increased cleaning, sanitation, and/or protective measure in their offices/facilities.

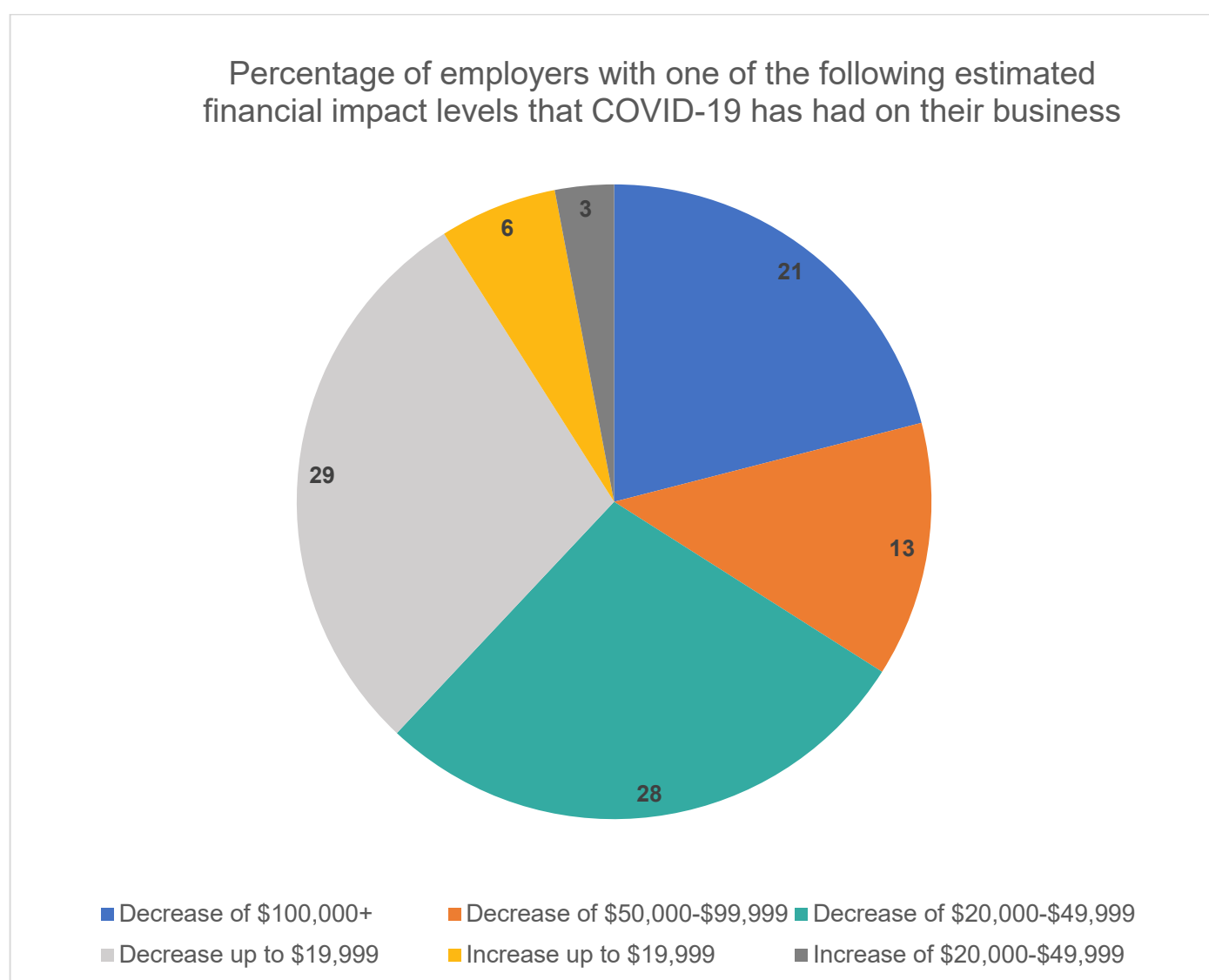
Table 4. Additional COVID-19 impacts on businesses

COVID-19 Additional Impacts on Businesses/Organizations	Percentage of businesses that stated being impacted in this manner (%)
Having to restrict spending because of the uncertainty	55
Experiencing decreases in sales (or donations if non-profit)	52
Business equity/value has fallen	45
Debt load has increased	40
Had contracts cancelled	36
Increased cleaning, sanitation and/or protective measures in our offices/facilities	36
Supply chain is interrupted	27
Had to cancel contracts	19
Supply chain is experiencing bottlenecks	14
Had to cancel fundraising events	13
Other (please specify)	5
Experiencing significant increase in consumer demand for certain items	4
Signed new contracts with other businesses	4
Have excess perishable supplies	3
Experiencing increases in sales	3
Business equity/value has increased	1
Signed new contracts with government	1



A large majority of businesses that responded to this survey are negatively financially impacted by the crisis as seen by the reported data (Table 5). Out of the 68 businesses that responded to the question, 21 per cent stated that they estimated their sales and income decreased by more than \$100k. 13 per cent stated that their sales/income decreased by \$50-100k, 28 per cent stated that their sales/income decreased by \$20-50k and 29 per cent stated that the sales/income decreased by \$0-20k. Some businesses experienced positive financial impacts due to the pandemic – 6 per cent stated that their sales/income increased by \$0-20k and 3 per cent stated that their sales/income increased by \$20-50k.

Figure 5. Percentage of employers stating an estimated financial impact level that COVID-19 has on their business





The level of familiarity that employers in Northwestern Ontario have for the Federal government's COVID-19 programs is demonstrated in Table 6. For the government's COVID-19 programs to aid employers, the Canada Emergency Response Benefit and the Canada Emergency Wage Subsidy are the programs with which businesses are most familiar. 83 per cent of businesses that answered the question are very or somewhat familiar with the Canada Emergency Wage Subsidy while 84 per cent of businesses are very or somewhat familiar with the Canada Emergency Response Benefit. The programs that people were the least familiar with are the insured mortgage purchase program and the extending the Work-Sharing Program with 44 per cent and 38 per cent of employers stating that they were either somewhat unfamiliar or very unfamiliar with those programs, accordingly.

Table 6. Level of Familiarity for the Federal Government's COVID-19 employer programs

Federal Government COVID-19 Employer Programs	Very Familiar (%)	Somewhat Familiar (%)	Somewhat Unfamiliar (%)	Very Unfamiliar (%)	Unsure (%)
Canada Emergency Wage Subsidy	46	36	7	6	4
Extending the Work-Sharing Program	15	32	15	23	14
Changes to the Canada Summer Jobs Program	11	32	14	27	16
Income Tax Deferral	41	39	8	8	5
Sales Tax Remittance and Customs Duty Payment Deferral	30	34	7	15	13
Business Credit Availability Program	29	35	11	17	8
Canada Emergency Business Account	37	31	12	12	7
Insured Mortgage Purchase Program	13	26	16	27	18
Canada Emergency Response Benefit	53	31	7	7	1



Next, the level of satisfaction that employers in the Thunder Bay District have towards these federal programs was analyzed (Table 7). 55 per cent of businesses answering this question stated that they are very or somewhat satisfied with the Canada Emergency Response Benefit. 40 per cent and 45 per cent are very or somewhat satisfied with the Canada Emergency Wage Subsidy and the Income Tax Deferral, respectively. Most employers felt neutral about the following programs: extending the work-sharing program, changes to the Canada Summer Jobs program and the Insured Mortgage Purchase Program. 37 per cent of employers were either somewhat unsatisfied or very unsatisfied with the Canada Emergency Wage Subsidy. 36 per cent of employers were somewhat unsatisfied or very unsatisfied with the Business Credit Availability Program. Finally, 34 per cent of employers were somewhat unsatisfied or very unsatisfied with the Canada Emergency Business Account.

Table 7. Employer's Level of Satisfaction with the Federal COVID-19 Programs for Employers

How satisfied are you with the federal programs?	Very Satisfied (%)	Somewhat Satisfied (%)	Somewhat Unsatisfied (%)	Very Unsatisfied (%)	Neutral (%)
Canada Emergency Wage Subsidy	12	28	26	10	24
Extending the Work-Sharing Program	3	15	7	10	65
Changes to the Canada Summer Jobs Program	5	8	12	7	68
Income Tax Deferral	15	31	16	8	31
Sales Tax Remittance and Customs Duty Payment Deferral	11	24	14	10	41
Business Credit Availability Program	5	21	18	18	38
Canada Emergency Business Account	15	23	11	23	29
Insured Mortgage Purchase Program	5	10	8	14	63
Canada Emergency Response Benefit	26	29	13	16	16



The percentage of businesses that stated they were currently using or are going to use the following federal programs is stated below (Table 8). The most popular programs are the Canada Emergency Wage Subsidy, the Canada Emergency Business Account, and the Income Tax Deferral with 38 per cent, 32 per cent and 30 per cent of employers stating that they had or will have access to these, respectively. Other local government programs that employers mentioned they are benefiting from are deferral of taxes and utility bills. Other private or not-for-profit programs or efforts that employers stated they are benefiting from are the Canadian Federation of Independent Business, the Chamber of Commerce, Ontario Business Improvement Area Association and Digital Main Street.

Table 8. Percentage of businesses that stated they had or are going to have access to one of the following Federal programs

Currently or will have access to the federal program	Percentage
Canada Emergency Wage Subsidy	38
Canada Emergency Business Account	32
Income Tax Deferral	30
Canada Emergency Response Benefit	27
Business Credit Availability Program	17
Sales Tax Remittance and Customs Duty Payment Deferral	16
Changes to the Canada Summer Jobs Program	3
Extending the Work-Sharing Program	1
Insured Mortgage Purchase Program	1



BUSINESS HUMAN RESOURCE IMPACT

The number of employees laid off by type of employee and for the size of the workforce of the business was analyzed (Table 9). Numbers are shown here instead of percentages because many businesses did not write the number zero when there were no employees laid off and so we could not differentiate the number of business that didn't lay off employees with those that did not answer the question. Respondents could enter more than one option.

Table 9. Number of employees laid off by size of workforce per type of employee

Size of your workforce	Number businesses that laid off full-time employees	Average number of full-time employees laid off	Number of businesses that laid off part-time workers	Average number of part-time workers laid off	Number of businesses that laid off seasonal workers	Average number of seasonal workers laid off	Number of businesses that laid off contract workers	Average number of contract workers laid off
1 to 9	12	3	12	2	4	2	5	4
10 to 19	3	5	2	13	0	0	2	4
20 to 49	4	16	2	6	0	0	0	0

Many employers implemented measures to support/protect their employees during the COVID-19 crisis. The percentage of employers that stated implementing one of the stated measures to support/protect their employees during this crisis is found in Table 10. 48 per cent of employers made efforts to inform their employees about the virus and staying healthy, 41 per cent implemented physical distancing measures and 36 per cent closed their business temporarily but are not paying their employees during closure.

Table 10. Percentage of employers that implemented the following measures to support/protect employees during the COVID-19 crisis

Measures implemented to support/protect employees during this crisis	Percentage
Educated our employees as to the symptoms and risks associated with the virus, as well as prevention measures	48
Implemented physical distancing measures in our business	41
Closed our business/organization temporarily and not paying employees during closure	36
Informed employees of the government assistance programs	34
Required employees to work from home	25
Staggered work hours for employees	13
Other	13
Pay to employees that are off work for quarantine or illness are continued.	7
Hired or made employees aware of mental health and well-being resources	7
Asking employees to use vacation, sick or personal days during the crisis, and deferring layoffs	5



WHAT DO YOU THINK THE GOVERNMENT CAN DO TO ASSIST YOU RIGHT NOW?

For the open-ended question “What do you think the government can do to assist you right now?”, the most common answers at the local level were tax relief (26 per cent) and help with commercial rent/property taxes (26 per cent). Other measures that employers mentioned that the local government can take included providing more information on re-opening measures, re-opening some businesses, clarifying program information and simplifying the application process, enforce social distance measures and encourage local shopping.

At the provincial level, employers stated governments could help them right now by providing more information on re-opening measures (11 per cent), helping with commercial rent (11 per cent), allowing businesses to re-open ASAP (11 per cent) and income tax breaks (11 per cent). Other answers at the provincial level included re-opening some businesses, clarifying program information, making their applications simpler, implement measures on a local basis, expedite the delivery of personal protective equipment (PPE), sector-specific financial support and subsidies on wages.

At the federal level, the most common measures that businesses said the federal government can take to help employers right now were subsidies on wages (15 per cent), help with commercial rent/property taxes (15 per cent) and clarifying program information (15 per cent). Other responses included: more information on re-opening measures, making program applications simpler, sector-specific financial support, giving back HST payments from last year, freezing mortgage payments and increasing the forgivable loan subsidy. To sum, employers are seeking from government at all levels rent/tax relief during these difficult times and want more clarity on the situation.



WHAT DO YOU THINK THE GOVERNMENT CAN DO TO ASSIST YOU AFTER THE CRISIS RECEDES AND THE ECONOMIC RECOVERY BEGINS?

For the open-ended question “What do you think the government can do to assist you after the crisis recedes and the economic recovery begins?”, the most common answers at the local level were reduce commercial rent (29 per cent), reduce taxes (23 per cent) and encourage local shopping (11 per cent). Other responses included increased efforts to prepare for a similar scenario in the future, circumvent bureaucratic obstacles, utility relief, sourcing locally and funding the arts.

For the provincial level, the most common answers were reducing taxes (16 per cent), reduce commercial taxes (11 per cent) and encourage local shopping (11 per cent). Other responses included increased efforts to prepare for a similar scenario in the future, circumvent bureaucratic obstacles, fund the arts, provide different services based off of the level of community risk, add projects to stimulate the economy, additional support for rural businesses, sector-specific financial support, financial support/wage subsidies and providing PPE to businesses.

At the federal level, the most common answers to the question were financial support (25 per cent), reduce taxes (25 per cent), sector-specific financial support (10 per cent) and encourage local shopping (10 per cent). Other responses included increased preparation for future similar scenarios, circumventing bureaucratic obstacles, funding the arts, turn loans into grants for micro-businesses, allow travel, repair infrastructure/buildings and subsidizing advertisements for Canadian businesses.

On a positive note, 69 per cent of employers feel that private associations and other not-for-profit organizations supporting businesses are doing a good job at keeping them informed and supported during these unprecedented times.

Additional comments from employers included an appreciation of the resources that the Thunder Bay Chamber of Commerce made available, uncertainty of financial impact amongst seasonal businesses and mention that certain careers like personal service workers, tattoo artists, hair stylists, etc. are not eligible for the small-medium business financial aid. Also, there were concerns that some travel agencies may not be able to re-open.

Conclusion

While some responses were surprising, and others not so much, these responses will help to guide decision makers on how to continue responding to COVID-19 in an appropriate manner for businesses. Indeed, since people are the heart of communities, ensuring their responses on how COVID-19 has impacted their businesses is important not just now, but for future growth and recovery.



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