Tourism SkillsNet Ontario: Workforce Issues, Opportunities, and Impact

2nd Edition, October 2023

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Moving Forward Together

Tourism and hospitality is among the most diverse and economically important sectors in the economy. It represents the first job for 30% of the workforce and supports households and livelihoods in communities across Ontario. It's also at risk. The industry, small businesses, and workers are struggling and we need to build a common understanding of the economics and the issues in order to bring industry, government, and communities together to safeguard the future. Tourism SkillsNet Ontario provides a venue for creating a common understanding of the issues and taking action toward solutions.

— **Adam Morrison, President and CEO, OTEC and Chair, Tourism SkillsNet Ontario**

Tourism SkillsNet Ontario is leading tourism workforce innovation in Ontario and across Canada, developing the industry-led tools and cutting-edge data that we need to meet evolving challenges in recruitment, retention, and skills development. With its unrivalled network of coordinated partnerships across the sector, Tourism SkillsNet Ontario continues to be one of our greatest assets in the sustainable growth and competitiveness of our tourism and hospitality industry.

— **Chris Bloore, President and CEO, Tourism Industry Association of Ontario**

Overview of Tourism in Ontario

Tourism is an economic driver, a job creator, and a vehicle for fostering social cohesion. It employs 9.3% of the workforce[1] and provides valuable work experience for 50% of Canadians[2]. It promotes Indigenous heritage and culture, while supporting environmental protection and sustainable livelihoods in every corner of the province.

In Ontario, tourism revenues are forecasted to largely recover to pre-pandemic levels this year and continue to grow by 10% on average through 2025 to over $83 billion.[3] At the same time, employment demand is projected to expand to more than 723,000 jobs by 2025.[4]

While the projected outlook is promising, it reflects the combined impact of inflationary pressures, rising business costs, supply chain disruptions, and persistent staffing gaps. These financial constraints on businesses make it difficult to offer competitive wages and remain competitive in attracting and retaining talent. The leading cause of job openings will result from industry employees choosing to leave their jobs – either moving to larger, more resourced businesses in a bigger geographic market or exiting the industry altogether. This is costing the industry billions of dollars in lost economic activity. The impacts of labour shortages on business growth and viability are particularly complex and pervasive for small and medium-sized enterprises (SMEs). SMEs, in particular, generally lack the internal HR capacity to address recruitment, retention, and labour market competitiveness. With over 90% of tourism businesses being small, local, and sole proprietors, there is a real risk to Ontario's economic recovery if these businesses fail, and the households they represent fall deeper into debt.[5]

Addressing the labour crisis through enhanced coordination and innovative workforce solutions, such as those underway through the Tourism SkillsNet Ontario (TSNO) alliance, remains one of the best opportunities to protect this critical sector for the future.

Employment demand is projected to expand to more than 723,000 jobs by 2025.

Sources:
1. Snapshot Of The Tourism Sector Labour Market Provincial Report Series: Ontario. February 2023. Tourism HR Canada.
2. General Population Survey, Labour Market Information: Perceptions of Tourism as a Place of Employment Research. January 2023. Tourism HR Canada.
3. Destination Dynamics: Local, economic and labour forecast model. OTEC-Conference Board of Canada. October 2023. Table: Tourism Sector Revenue Projections
4. Destination Dynamics: Local, economic and labour forecast model. OTEC-Conference Board of Canada. October 2023. Table: Employment
5. Innovation, Science and Economic Development Canada. 2022. SME Profile 2020: Tourism Industries in Canada.

Provincial Snapshot[6]

In 2022, Ontario's Tourism and Hospitality sector employed over 622,000 workers.

Although Ontario's tourism and hospitality footprint has not recovered to pre-pandemic levels, it still represents a significant portion of Ontario's economy and labour market. By the end of 2022, Ontario's tourism and hospitality sector employed over 622,000 workers and generated $66 billion in tourism revenues[7].

Over the next four years, Ontario's tourism labour market is forecasted to grow by approximately 183,500 job openings. These openings will be created from expansion demand due to economic growth and replacement demand from employees leaving their occupations. During the same period, an increase of 78,000 new workers is expected to join the labour force as new migrants, school leavers (graduates) and re-entrants.

Table 1: Ontario's Tourism Sector Labour Outlook Highlights, 2023-2027 (Cumulative)

| Ontario's Tourism Sector - Labour Outlook Highlights (Cumulative)	
	2023- 2027
Total Job Openings	1,750,823
Total Job Seekers (Unemployed)	163,913
Total Workers Change (Mortality & Retirements)	225,573
Expansion Demand	213,624
Replacement Demand	1,263,449
Outwards Migration	42,943
Net Emmigration	5,234

Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC- Conference Board of Canada. October 2023. Table: Labour Supply Model, Employment Flows, Net Changes in Employment.

Sources of Job Openings and Workers

Over the next four years, job openings created through attrition/replacement demand will account for the largest share at 72% (1,263,449) of job openings compared to 12% (213,624) of job openings that are expected to be created through expansion demand or economic growth. In 2023, replacement demand is expected to account for the largest share of job openings at 67%.

In 2023, the largest share of labour market entrants or workers will come from employment adjustments by 51% or 63,000, followed by school leavers (graduates) at 20% or 25,000. By 2027, the share of new workers from employment adjustments will increase to 56%, and school leavers will rise to 29%. The primary sources of workers from 2023 through 2027 is highlighted below in Figure 1.

Figure 1: Source of Ontario's Tourism Workers, 2023-2027
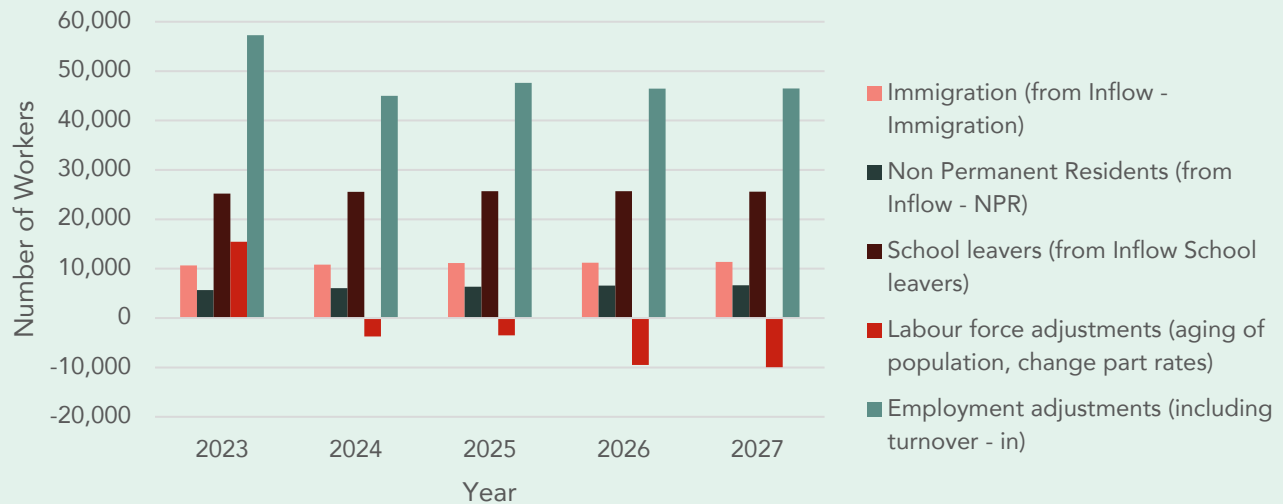
Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC- Conference Board of Canada. October 2023. Table: Labour Supply Model, Employment Flows.

Tourism's Occupation Highlights

Most tourism job openings – that will need to be filled at some point during the year – are concentrated in the sales and service national occupation classification (NOC) 6. The top ten tourism occupations expected to be in demand by 2027 are highlighted in Table 2, below. Together they represent over 72% of all tourism occupations that will need to be filled.

Table 2: Tourism Job Openings in Ontario (total number)

	Tourism Job Openings (total number of jobs looking to be filled per year)				
	2023	2024	2025	2026	2027
6421 Retail salespersons	35,254	37,669	35,787	35,769	35,414
6322 Cooks	24,868	22,193	24,550	24,169	24,716
6711 Food counter attendants, kitchen helpers and related support occupations	23,665	18,437	23,128	22,219	23,056
0621 Retail and wholesale trade managers	19,922	23,575	22,986	23,169	22,937
6513 Food and beverage servers	25,390	21,961	23,619	22,438	22,489
6731 Light duty cleaners	11,459	12,199	13,611	13,703	13,979
6611 Cashiers	11,393	12,529	12,803	12,528	12,497
0124 Advertising, marketing and public relations managers	9,598	9,242	9,859	9,858	10,021
7514 Delivery and courier service drivers	5,652	6,563	7,466	7,680	9,101
0631 Restaurant and food service managers	8,726	7,191	8,978	8,593	8,975
Top 10 % share of total tourism job openings	**73.23%**	**73.25%**	**73.19%**	**73.33%**	**73.43%**

Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC- Conference Board of Canada. October 2023. Table: Labour Supply Model, Job Openings.
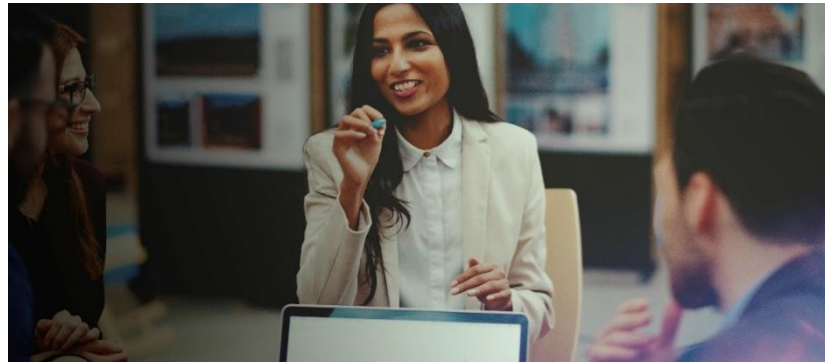
Ontario's labour market is dynamic, with the number of advertised jobs, entries and departures from economic activity, and employers' shifting needs. The "in-demand now" snapshot below leverages of real-time, high frequency, web-scraped labour market information (LMI) to highlight key trends in our sector.

Ontario Tourism and Hospitality Job Postings Highlights
Period January 1, 2023 – September 30, 2023

- Over, 161,111 tourism and hospitality job postings were listed across Ontario.

- The average hourly wage listed in 2023 is 4.2% higher than in 2022, with the average listed at $20.61 per hour.

- Ontario's top tourism positions and average hourly wage in 2023 by the number of postings:

	Ontario's Top Tourism Positions in 2023	
	Average Hourly Wage	Number of Postings
Retail salespersons and visual merchandisers	$18.80	21,270
Cooks	$19.02	16,930
Retail and wholesale trade managers	$25.06	15,723

- Social-emotional skills remain the top skill group that tourism and hospitality employers are looking for across Ontario (143,926/92.3%), followed closely by occupational skills (141,207/90.5%).

- Employers hiring for the top Sales and Service based occupations in demand continue to request industry-specific certifications, particularly Smart Serve (53.7%), other certifications* (21.4%) and Food Safety (20.1%).

Source: Tourism and Hospitality Industry job postings. January 1 – September 30, 2023. Vicinity Jobs. Customized reports by Posting by Province generated by OTEC in October 2023.
Note: Other Certifications* have a share of < 10% of all jobs posted.

A Spotlight on Tourism Sales and Service Postings in Toronto, Ottawa, Niagara, and Timmins

Period January 1 – September 30, 2023

In 2023, 36,243 Sales and Service based occupations were listed across Ottawa, Niagara, Toronto, and Timmins. This figure is lower by just over 12,000 (-25%) compared to the same period in 2022. The average hourly wage listed in 2023 is 4% higher than in 2022, with the average listed at $19.79 per hour[8].

Table 3: Top Tourism Job Listings by Region - by the numbers, wages and share of total regional job postings

Top Tourism Jobs by Region				
Region	Occupation	Total # Jobs posted	Avg. Hourly wage	% share of total regional listing
Ottawa	Retail salespersons and visual merchandisers	2118	$19.89	19.90%
	Retail and wholesale trade managers	1492	$23.68	14.00%
	Cooks	1260	$19.46	11.80%
Niagara	Retail salespersons and visual merchandisers	319	$17.14	16.60%
	Retail and wholesale trade managers	157	$23.59	8.20%
	Cooks	234	$18.19	12.20%
Toronto	Retail salespersons and visual merchandisers	3357	$19.22	14.50%
	Retail and wholesale trade managers	3085	$27.15	13.60%
	Cooks	3153	$19.39	13.60%
Timmins	Retail salespersons and visual merchandisers	71	$16.36	15.80%
	Retail and wholesale trade managers	60	$33.81	13.30%
	Cooks	49	$17.64	10.90%

Source: Tourism and Hospitality postings, wage by Ontario by Development Region. January 1 – September 30, 2023. Vicinity Jobs. Report generated by OTEC October 2023.

Other Sources:
6. Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC- Conference Board of Canada. October 2023. Tables: Demand and Supply.
7. Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC- Conference Board of Canada. October 2023. Tables: Employment and Revenue.
8. Tourism and Hospitality postings, wages by Toronto, Ottawa, Niagara, and Timmins. January 1 - September 30, 2023 compared to January 1 - September 30, 2022. Vicinity Jobs. Reports generated by OTEC in October 2023.

Local Workforce Issues

Top Employer Challenges

- **High Operating Costs/Inflation**

- **Retention - Shifting Motivations of Workforce**

- **Lack of Skilled or Qualified Labour Supply**

- **Cost Pressure of Offering Competitive Wages**

- **Affordable Housing**

- **Seasonal Nature of Business**

Source: Tourism SkillsNet Ontario Employer Pulse Survey and Regional Working Group Members, September 2023

Tourism SkillsNet Ontario continues to monitor the local workforce issues across the province.

High operating costs is the top challenge faced by businesses followed by shifting motivations of the workforce and lack of skilled labour supply. High operating costs are associated with inflation, resulting in employees demanding higher compensation. Costs are anticipated to increase with the increase in the minimum wage in Ontario.

Many businesses have been **operating below full capacity, due to a shortage of workers,** which continues to impact the economic recovery of the sector. Employers faced difficulties in retaining staff through the busy summer season and job hopping is common, indicating a strong need for further retention supports.

While rising recruitment and retention difficulties are prompting interest in hiring from more diverse labour pools, such as persons with disabilities and newcomers to Canada, we are also seeing concerning levels of hesitation and barriers with diverse hiring practices, indicating that further support and education is still required.

Although not identified in responses to the most recent Tourism SkillsNet Ontario Employer Pulse Survey, **mental health concerns** have been reported as a key issue resulting from other ongoing challenges (i.e., burnout, recruitment challenges, high operating costs, etc.) which is having an impact on both workers and business operators. As a result, **training to address mental health and build leadership skills** is in high demand, but many SMEs lack the capacity or resources to offer this training to their teams.

Employer Challenges by Industry Segments

- 27% of businesses in food and beverage services reported the cost pressure of offering competitive wages as a top challenge, compared to only 19% of accommodation and recreation & entertainment businesses.

- 15% of accommodation businesses are facing issues in managing customer expectations, a higher proportion compared to other industry segments.

- The seasonal nature of business has less impact on food and beverage services businesses' recruitment efforts as compared with other industry segments. This stability can attract job seekers looking for consistent work.

Source: Tourism SkillsNet Ontario Employer Pulse Survey and Regional Working Group Members, September 2023.

Critical Needs and Opportunities

Maximizing the Industry's Community and Economic Impact

Building on the recommendations from the Tourism Industry Association of Ontario's (TIAO) 2022 State of the Ontario Tourism Industry Report, the top labour-related critical needs and opportunities in Fall 2023 include:

- Continuing to support targeted, industry-led workforce programs that boost recruitment and retention of diverse labour pools

- Supporting workplace-based training and consulting services for vulnerable SMEs through programs like the Ministry of Labour, Immigration, Training and Skills Development's (MLITSD) Skills Development Fund

- Engaging the Ministry of Tourism, Culture and Sport (MTCS) in concert with provincial networks like Tourism SkillsNet Ontario and OTEC to establish a common economic and labour market data model and workforce development program inventory to support regional community development planning

- Engage the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) to ensure that newcomer settlement programs are prioritizing employment and training opportunities for priority economic sectors like tourism and hospitality

- Encouraging regional Service System Managers (SSM) to work with priority sector organizations in their regions to support regional labour market planning and employment mobility

- Long-term: Immigration reform to ensure provincial and federal immigration pathways meet the needs of the tourism and hospitality industry

Progress made to-date on the labour-related recommendations from the 2022 State of the Ontario Tourism Industry Report is outlined on the following pages.

The recommendation alpha numbering is directly correlated to the original 2022 State of the Ontario Tourism Industry Report which can be downloaded for reference at https://www.tiaontario.ca/documents/state-of-the-ontario-tourism-industry-report-december-13-2022-finalpdf.

Policy Progress to Support Recovery

	STATE OF THE INDUSTRY LABOUR-RELATED RECOMMENDATIONS	PROGRESS TO DATE
Promoting Tourism as a Career	A. Confer with TIAO and industry stakeholders to develop marketing communications and jobseeker resources that convey the range of careers in tourism and hospitality.	Currently underway through Skills Development Fund funded programs across Tourism SkillsNet Ontario alliance
	B. Continue to support job-matching initiatives like A 3 Fires Collaborative Quest.	
	D. Continue to support targeted, industry-led workforce programs that boost recruitment and retention from underrepresented groups.	
	E. Continue to support micro-credential programming targeted towards jobseekers seeking careers in tourism and hospitality and workers looking to upskill within the tourism industry.	Ministry of Colleges and Universities has funded Lakehead University's Ontario Professional Tourism Industry Specialist (OPTIS)/Northern Ontario Professional Tourism Industry Specialist (NOPTIS)

	STATE OF THE INDUSTRY LABOUR-RELATED RECOMMENDATIONS	PROGRESS TO DATE
Recruiting from Beyond the Domestic Labour Pool	M. In consultation with industry, amend the Ontario Immigrant Nominee Program (OINP): • Increase the number of newcomers allowed to enter under the OINP from 9,000 to 18,000.	Policy Win – Ontario Immigrant Nominee Program cap has expanded, to reach 18,000 by 2025
Data Driven, locally and Regionally Specific Decision-Making	X. Support workplace-based training and consulting services specifically designed for SMEs' unique needs as they struggle to recover.	Currently underway through Skills Development Fund funded programs across Tourism SkillsNet Ontario network

About Tourism SkillsNet Ontario

Tourism SkillsNet Ontario (TSNO) is an alliance for collaboration, communication, and coordination, focused on tourism and hospitality workforce development and programming at a local level. Led by OTEC, Tourism SkillsNet Ontario connects over 300 members from public, private and nonprofit organizations, including businesses, educational institutions, municipalities, employment service providers, destination marketing organizations and regional tourism organizations.

Tourism SkillsNet Ontario members map strategies to tackle key workforce development challenges, such as talent acquisition, retention and skills gaps, and advise on provincial advocacy efforts to maximize the inclusive economic potential of this sector at local and provincial levels. Through Tourism SkillsNet Ontario, members are uniquely positioned to give visibility to local issues, provide input into training curriculum, and harness cross-sector collaboration opportunities. Learn more about Tourism SkillsNet Ontario at tourismskillsnet.ca.

Connecting Communities

Growth of alliance

2018

5 Regional Working Groups

2023

18 Regional Working Groups

Tourism SkillsNet Ontario Provincial Advisory Council Members:

About OTEC

The Ontario Tourism Education Corporation (OTEC) is Ontario's tourism and hospitality workforce development organization. OTEC is an independent, not-for-profit training, consulting, and workforce development organization that delivers innovative, high-quality solutions for the development and growth of a professional, skilled workforce.

OTEC provides a diverse portfolio of customized, sector-specific workforce solutions designed to ensure organizations achieve the highest standards of service and performance objectives – including customer service and leadership training, upskilling and reskilling, professional certifications, HR technology, and consulting services for a wide range of businesses and destinations.

Skills and labour challenges are among the most pressing issues faced by the tourism and hospitality industry. To address this, OTEC directs tourism and hospitality workforce development efforts across the province in its capacity as the founder and chair of Tourism SkillsNet Ontario (TSNO).

About TIAO

The Tourism Industry Association of Ontario (TIAO) is recognized by government as the voice of tourism. At TIAO, we work on behalf of our membership, collectively representing the majority of tourism businesses and employees across the province, to take on pressing policy issues that impact the Ontario tourism industry. TIAO leads the way in government relations on behalf of the Ontario tourism industry, including tourism businesses and operators, destination marketing organizations, regional tourism organizations, and educators. We provide evidence-based policy recommendations to ensure the provincial government understands and addresses the multifaceted needs of the tourism industry.

TIAO propels the powerful and innovative Ontario tourism industry by connecting tourism leaders, innovators, government, and educators through events and conferences. We are proud to host the largest gathering of tourism leaders, educators, businesses, and government officials in Canada, at our annual Ontario Tourism Summit.

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