



Tourism SkillsNet Ontario: Workforce Issues, Opportunities & Impact

July 2023

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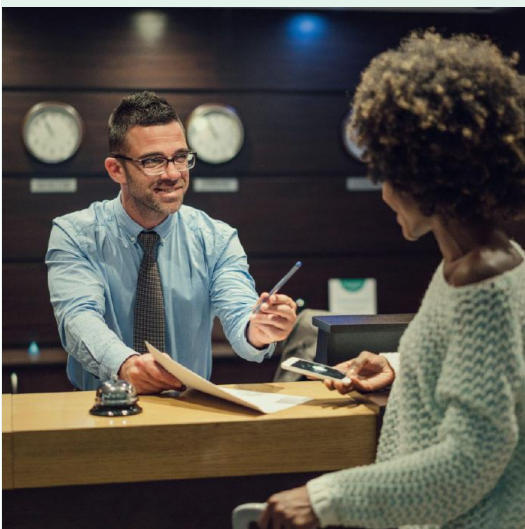
Moving Forward Together

Tourism sustains livelihoods and local communities in every corner of the province. The unique value it brings to the economy, careers and our culture requires us to work together with industry and government to coordinate our efforts toward recovery. We have the tools, and, through Tourism SkillsNet Ontario, we have the commitment.

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

Ontario is leading Canada in tourism workforce innovation, recovery and competitiveness thanks to Tourism SkillsNet Ontario. This provincial, industry-driven, workforce development alliance is aligning the industry toward the development of a sustainable and skilled workforce. Through ongoing research and development, real-time data and cutting-edge recruitment and training models, combined with an unrivalled network of coordinated partnerships across the sector, Ontario will be prepared to meet our future workforce challenges.

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



People will always be at the heart of the tourism and hospitality sector.

Overview of Tourism in Ontario

Over the past three years, we have seen a shift in the perception of the Ontario tourism industry, and the recognition of the important role it plays in our province's economy. Tourism is a vehicle for fostering social cohesion. It employs 9.3% of the workforce¹ and provides valuable work experience for 50% of Canadians². It promotes Indigenous heritage and culture, while supporting environmental protection and sustainable livelihoods in every corner of the province.

Tourism is an economic driver and job creator. In Ontario, OTEC's economic and labour forecast modelling indicates that tourism revenues will largely recover to pre-pandemic levels by 2023 and grow by 16% through 2025 to over \$87 billion.³ At the same time, employment demand is projected to expand to more than 726,000 jobs by 2025.⁴

While the focus is shifting from survival to recovery, it is apparent that ongoing and new challenges will impact tourism businesses. Inflation, debt loads, interest rates and the sustained labour crisis are issues the industry will need to overcome as we move forward. While there are several key hurdles that lie ahead, there are also promising opportunities. The future of tourism in Ontario and the benefits this will bring to the province are bright, if prioritized.

From a workforce perspective, people will always be at the heart of the tourism and hospitality sector. The sector's economic and labour market recovery continues to be stifled by critical labour shortages and its compounding impacts. This is costing the industry billions of dollars in lost economic activity. Without the necessary staff, operators are forced to turn away business, resulting in significant lost revenue. Tourism and hospitality workers often work long hours to make up the shortfall and may in turn leave for other opportunities that offer more competitive wages, with work hours that are more compatible with their lifestyle.

The impact of labour shortages on business growth and viability are particularly complex and pervasive for small and medium-sized enterprises.

The impact 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. The labour market supply forecast projects that in the coming years, 73% of the labour force in tourism will come through attrition.⁵ That movement will inevitably be from smaller, less resourced businesses toward larger ones.

With over 90% of tourism businesses being small, local, 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.⁶

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



Sources:

1. Tourism HR Canada. February 2023. Snapshot Of The Tourism Sector Labour Market Provincial Report Series: Ontario.
2. Tourism HR Canada. January 2023. General Population Survey, Labour Market Information: Perceptions of Tourism as a Place of Employment Research.
3. Destination Dynamics: Local, economic and labour forecast model. OTEC-Conference Board of Canada. June 2023. Table: Revenue
4. Ibid.
5. Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC – CBoC. June 2023. Table: Labour Supply Job Openings Breakdown
6. Innovation, Science and Economic Development Canada. 2022. SME Profile 2020: Tourism Industries in Canada. Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC-CBoC. June 2023. Multiple Tables.

Provincial Snapshot

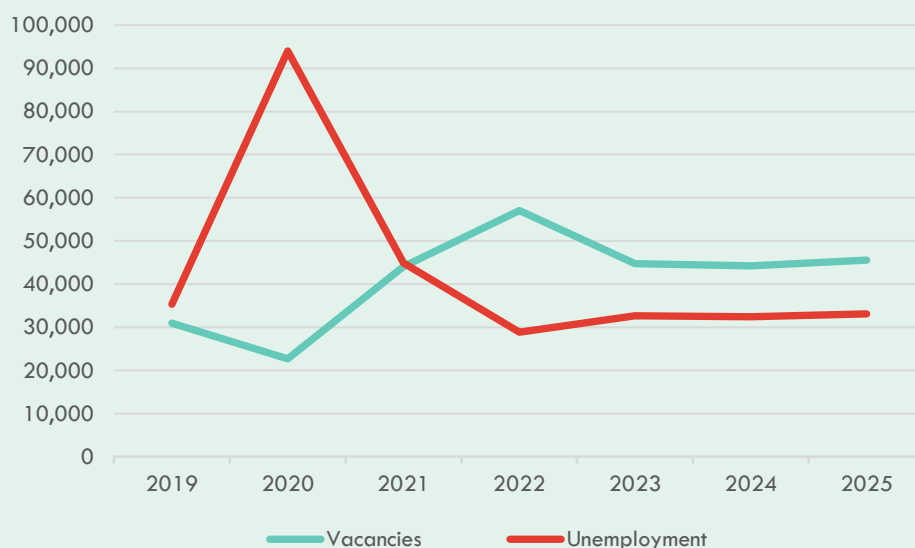
45,553 tourism job vacancies estimated by 2025.

The pandemic exacerbated an already tight labour market. OTEC's forecast model, Destination Dynamics, developed in collaboration with the Conference Board of Canada, indicates that while job openings, vacancies and vacancy rates for many tourism occupations peaked in 2022, persistently high levels of vacancies and vacancy rates are expected throughout the forecast horizon.

Prior to the pandemic, tourism faced a chronic labour shortage and the latest forecast shows that job vacancies in Ontario's tourism and hospitality industry is expected to continue to outweigh the number of people seeking employment within its diverse set of occupations. There are 45,553 tourism job vacancies estimated by 2025.

Annual Change in Employment in Ontario's Tourism & Hospitality Industry

Vacancies vs Unemployment



Vacancies – estimated number of job openings that have or will go unfilled for one month or longer.

Unemployment – those of working-age people who are without work but are immediately available for work and actively seeking work.

Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC-CBoC. June 2023. Table: Employment Flows.

OTEC continues to provide data-driven insights to support evidence-based recovery planning. Making information accessible strengthens our awareness and gives us a shared understanding of key issues, challenges and solutions. Understanding the state of the tourism and hospitality industry through Destination Dynamics and providing local, economic and labour market projections snapshots allows Tourism SkillsNet Ontario members to identify key indicators, trends and insights that fill gaps to better prepare for and adapt to changing market conditions.



Destination Dynamics enhances and extends traditional economic and labour forecasts by integrating AI-enabled web analytics. It enables never before seen revenue and labour market forecasts by industry segment and at a more regional level. Combined with a new Labour Supply Model, we now have additional insights into flows in and out of the tourism workforce.

Destination Dynamics: Forecast for 2025

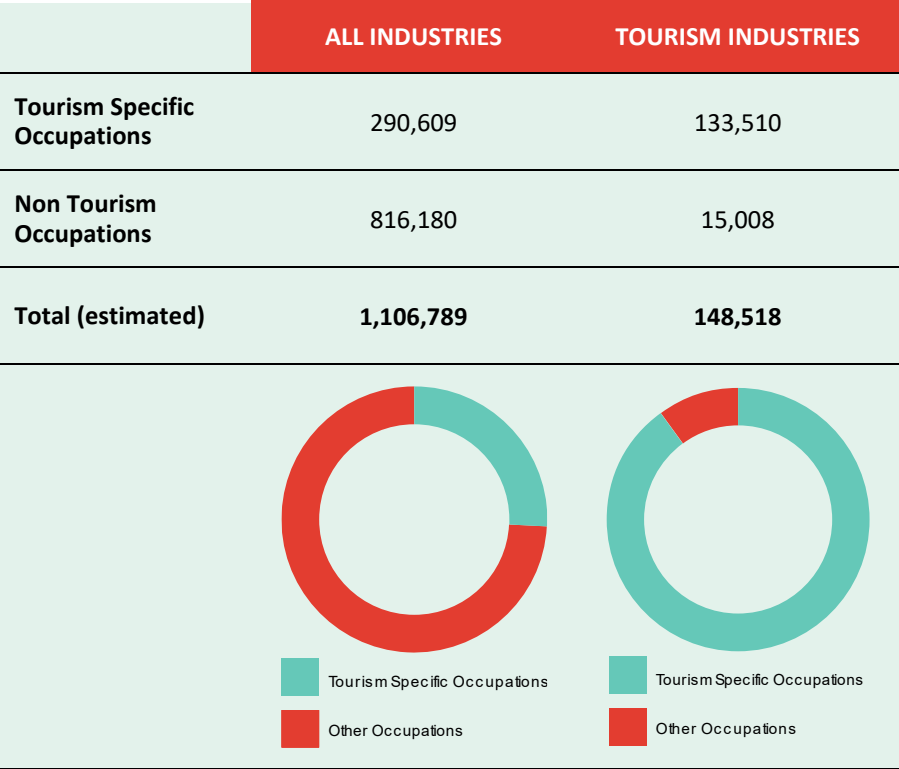
By 2025

- Total employment projection is over 726,000.
- The leading cause of job openings will be due to attrition at 73%, a 3% rise from current 2023 projections.
- Highest projected occupation vacancy rates are in:
 - Outdoor sport and recreation guides
 - Food counter attendants, kitchen helpers and related support occupations
 - Food services supervisors
 - Support occupations in accommodation, travel and facilities set-up services
 - Tour and travel guides.

Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC-CBoC. June 2023. Multiple Tables.

Like other industries, the tourism and hospitality industry employs a wide range of occupations, although some occupations are more prominent in specific industries than others. Destination Dynamics provides data and insights at the 4-digit NAICS industries to capture the tourism sector and also captures 50 specific tourism-related occupations. Table 1 below presents both perspectives of the projected job openings – the number of positions that need to be filled at some point during 2025 – for all industries and the tourism industry by tourism-specific and non-tourism occupations. In most cases, these positions are not new positions but rather unfilled positions that have occurred due to workers changing jobs for a new occupation, a new employer or leaving the labour market. The model estimates that by 2025, 133,510 (12%) of all job openings will be for tourism occupations within tourism industries.

Table 1:
Tourism & Hospitality
Estimated Job Openings
in 2025



Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC – CBoC. June 2023.
Table: Labour Supply Job Openings Breakdown

Local Workforce Issues

Every community is faced with unique challenges. Tourism SkillsNet Ontario raises awareness of the local workforce issues across Ontario to ensure our sector's issues are voiced and visible.

While some operators had success this past quarter with **earlier seasonal recruitment strategies and more targeted job fairs**, the labour crisis is still affecting many businesses' ability to meet visitor demand.

The majority of operators cited a **shortage of workers** as one of the greatest barriers to economic recovery with many, particularly in food services, **still not able to operate at full capacity**.

High operating costs and inflation are making it increasingly difficult to offer competitive wages or increase their recruitment and retention efforts.

Retention challenges related to shifting motivations of the workforce, mental health concerns, and infrastructure issues such as lack of **affordable housing** and **transportation** remain key barriers identified by our members in addressing the labour issues facing our sector.

While we are hearing growing interest to **increase diversity within our workforce**, further support is needed to increase employers' ability to attract and integrate a more diverse workforce, including newcomers and other underrepresented groups. Leadership training has been in high demand, but many SME's lack the scale or resources to offer it to their teams.

Key Workforce Challenges

- Recruitment of Employees
- High Operating Costs/Inflation
- Retention - Shifting Motivations of Workforce
- Affordable Housing
- Transportation

Source: As per our Tourism SkillsNet Ontario Regional Working Group Members, February-June 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 include:

- Continuing to support targeted, industry-led workforce programs that boost recruitment and retention of diverse labour pools
- Continuing to support workplace-based training and consulting services specifically designed for SMEs' unique needs
- Engaging Ministry of Tourism, Culture and Sport (MTCS) in concert with provincial networks like Tourism SkillsNet Ontario and OTEC to establish a common data model and workforce development program inventory to support regional community development planning
- Engage 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 to work with priority sector organizations in their regions to support regional labour market planning
- 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.

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.	
	B. Continue to support job-matching initiatives like A 3 Fires Collaborative Quest.	Currently underway through Skills Development Fund funded programs across Tourism SkillsNet Ontario alliance
	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	<p>M. In consultation with industry, amend the Ontario Immigrant Nominee Program (OINP):</p> <ul style="list-style-type: none"> • 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
Securing Essential Workers in Resort & Hospitality Sectors	<p>G. Extend the temporary 30% hiring cap for accommodation and food and beverage sectors under the Temporary Foreign Worker Program (TFWP).</p>	Policy Win – this has been extended to October 2023
Data_Driven, locally and Regionally Specific Decision-Making	<p>H. Support workplace-based training and consulting services specifically designed for SMEs' unique needs as they struggle to recover.</p>	Currently underway through Skills Development Fund funded programs across Tourism SkillsNet Ontario network

About Tourism SkillsNet Ontario

As the founder and chair of Tourism SkillsNet Ontario, OTEC is the strategic lead for workforce development efforts across the province. Tourism SkillsNet Ontario (TSNO) is an award-winning alliance of industry stakeholders comprised of over 300 members, covering over 100 unique postal regions across Ontario, working collaboratively to align provincial workforce strategy with industry-specific regional labour challenges.

The first of its kind in Canada, Tourism SkillsNet Ontario leverages provincial collaboration and investment to tackle skills, labour and strategic issues at the local level. Our Tourism SkillsNet Ontario regional working groups connect supply and demand channels through quarterly community engagement to share best practices, champion local efforts, enhance communications, and pursue grassroots collaboration to accelerate regional recovery and growth strategies. Learn more about Tourism SkillsNet Ontario at tourismskillsnet.ca.

Connecting
Communities



Growth of Alliance

2018

5 Regional
Working
Groups

2023

18 Regional
Working
Groups

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.

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 evidenced-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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