

# **Tourism SkillsNet Ontario: Workforce Issues, Opportunities and Impact**

4<sup>th</sup> Edition, July 2024



# Table of Contents

Moving Forward Together .....	2
Overview of Tourism in Ontario .....	3
Provincial Snapshot .....	4
Local Workforce Issues .....	7
About Tourism SkillsNet Ontario .....	8
About OTEC .....	10
About TIAO .....	10

# Moving Forward Together

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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.

— **Andrew Siegwart, President and CEO, TIAO**



# 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<sup>1</sup> and provides valuable work experience for 50% of Canadians<sup>2</sup>. It promotes Indigenous heritage and culture, while supporting environmental protection and sustainable livelihoods in every corner of the province.

**Employment demand is projected to expand to more than 763,960 jobs by 2027**

In Ontario, tourism revenues are forecasted to continue to grow from \$86 billion in 2024 to over \$101 billion in 2027.<sup>3</sup> At the same time, employment demand is projected to expand to more than 763,000 jobs by 2027.<sup>4</sup>

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. Projected vacancy rates of 5.9% in 2027 reflect a 26% increase from 2024 projections<sup>5</sup>, further compounding challenges. 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 which 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.<sup>6</sup>

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

#### 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. April 2024. Table: Tourism Sector Revenue Projections
4. Destination Dynamics: Local, economic and labour forecast model. OTEC-Conference Board of Canada. April 2024. Table: Employment
5. Source: Destination Dynamics: Local, economic and labour market forecast. OTEC - CBoC. April 2024. Tables: Customized Demand & Supply.
6. Innovation, Science and Economic Development Canada. 2022. SME Profile 2020: Tourism Industries in Canada.

# Provincial Outlook

Ontario’s Tourism and Hospitality sector revenue is anticipated to reach \$101 billion by 2027.

OTEC, in collaboration with the Conference Board of Canada and other data intelligence partners, has updated our Provincial Outlook to 2027. This *Provincial Outlook* is based on the latest data that offers insights into Ontario's tourism and hospitality sector, emphasizing the predicted future economic and labour market conditions, trends, and performance to support our partners with strategic planning, market analysis, and risk-management.

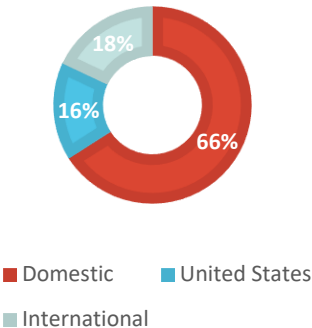
The industry is cross-cutting and crucial to the economy, attracting visitors showcasing Ontario on a domestic and global scale. Tourism revenues in Ontario are on their way to reaching and slightly surpassing their pre-pandemic levels, but the future is far from certain, and the pace of growth is slow.

Table 1:  
Ontario's  
Tourism and  
Hospitality  
Economic and  
Labour  
Highlights

	Ontario			
	2024	2025	2026	2027
Revenue (\$ in billions)	86.8	91.5	96.0	101.0
Employment	712,980	729,210	746,000	763,930
Tourism Activity Spending (\$ in billions)	23.1	24.7	26.2	27.6

Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC – Conference Board of Canada. April 2024. Tables: customized demand and supply tables.

## Tourism Activity Spending by Segment 2027



At its core, tourism services encompass an industry where people interact and engage in a variety of activities, primarily leisure and recreational pursuits, entertainment, hospitality, retail, accommodation, and travel. Leading up to the Association of Municipalities of Ontario (AMO) Conference in August, TIAO has emphasized that municipalities in Ontario are at the forefront of addressing pressing community and economic issues, ranging from attainable housing to transportation access, destination management, workforce development, and more. These key factors significantly impact tourism services, shaping our approach to workforce development and emphasizing the need to attract and retain staff with skills that reflect the industry's evolving needs.

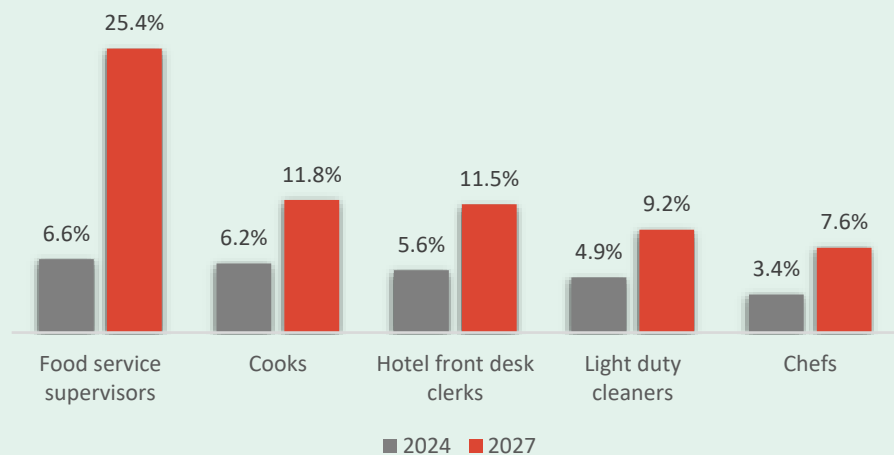
Source: TIAO Blogs: AMO Preparations Underway. Tourism Industry Association of Ontario, TIAO, 01 June 2024, <https://www.tiaontario.ca/blogs/amo-preparations-underway>





The tourism sector's workforce is projected to rise to employ over 763,000 in 2027. This is coupled with an expected rise in total tourism spending on domestic goods and services of \$27.6 billion. The sector's capacity to meet visitors demand will be constrained due to persistent labour shortages. This year's vacancy rate is expected to be 4.7%, with projections indicating a steady rise to 5.9% by 2027. In addition, several occupations are projected to surpass the annual average, as highlighted below in Figure 1.

**Figure 1: Top 5  
Vacancy Rate  
Increases by  
Occupation**



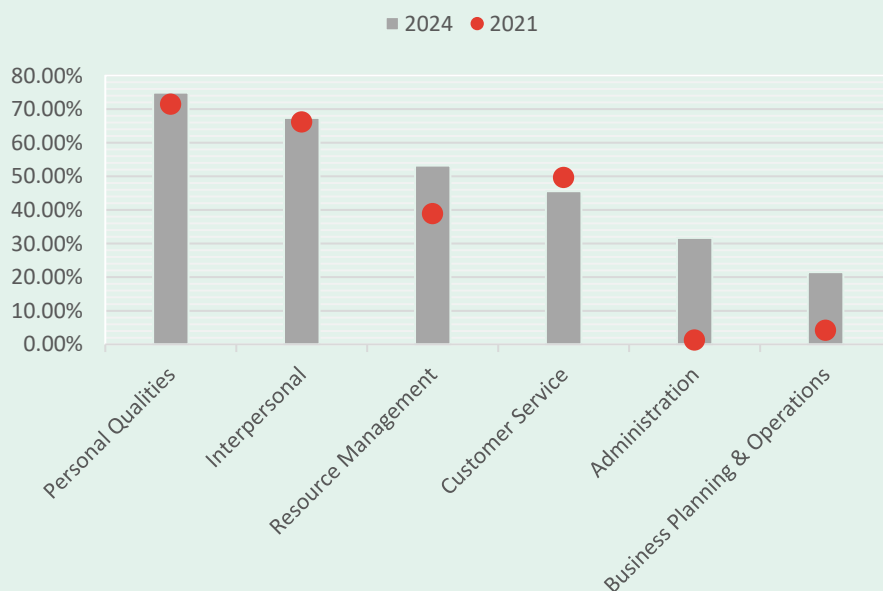
Source: Destination Dynamics: Local, Economic and Labour Forecast Model. OTEC – Conference Board of Canada. April 2024. Tables: Supply Vacancy Rate Tables.

This trend will likely have significant impacts on tourism and hospitality businesses, including cost implications, operational impacts, direct effects on customer service quality, and limitations on many businesses' ability to expand or capitalize on growth opportunities.

As workers enter the sector, they may be newcomers to the workforce, transitioning from other fields, or deliberately choosing to remain within the sector. To ensure the fulfillment of predictions, it's crucial to understand and address the challenges facing the tourism sector while capitalizing on existing and emerging opportunities. Equipping individuals in the sector with the

necessary skills is essential for both present success and future resilience. The evolving nature of work has heightened the demand for 'core' social-emotional and occupational skills. Analysis of current labor market information, leveraging web-scraped job postings data, consistently highlights the need for personal qualities, interpersonal abilities, and customer service expertise (Figure 2).

**Figure 2:**  
**Tourism & Hospitality**  
**Skills Subgroup**  
**Distribution: %**  
**Breakdown of Job**  
**Postings by Skills**  
**Group**  
**January – April.\***



### Skyrocketing Skills\* 2024 vs 2021

- **Estimating**
- **Operations Management**
- **Environmental & Social Sustainability**
- **Qualitative Research**
- **Supervisory Skills**

Compared to 2021, employers in the tourism and hospitality sector are increasingly seeking candidates with skills in resource management, administration, and business planning and operations (Figure 2), especially for several occupations expected to have the highest vacancy rates in 2027. Successfully attracting the future workforce for these occupations and others will involve considering future demand and responding accordingly, while also factoring in changing expectations regarding work. Industry stakeholders must be aware of and responsive to these evolving needs to ensure both individuals and businesses thrive now and in the future.

Securing the anticipated \$101 billion in revenue in 2027 is not only about revenue; it's about fostering growth, boosting profitability for tourism businesses, creating well-paying jobs, developing an adaptable workforce, and attracting new capital to the sector. It's about addressing gaps and seizing opportunities to enhance the overall sustainability of the sector.

\*Source: Customized Tourism & Hospitality Labour Market Information NOCs & NAICS. Postings by Skill Sub-Group by Skill, 01 January 2024 to 30 April 2023, 01 January 2021 to 30 April 2021.

## Key Workforce Challenges

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

Source: As per our TSNO Regional Working Group Members, February - March 2024 and OTEC's Employer Pulse Survey, April 2024

## Local Workforce Issues

OTEC's recent Tourism SkillsNet Ontario Pulse Survey aimed to understand the industry's top challenges and based on these insights, along with feedback from the TSNO membership of local, regional and provincial stakeholders, we have the ability to ensure that the sector is focused on data-driven solutions within a coordinated framework.

Recruitment remains a struggle for many small and medium-sized businesses, with specific gaps varying region-by-region. Many have noted specific difficulty hiring supervisors and managers with the appropriate skills and line cooks with proper culinary skills, among others.

High operating costs and inflation have continued to challenge employers' ability to offer competitive wages or increase their recruitment & retention efforts. Lack of affordable housing and accessible transportation also remain key barriers in addressing the labour issues facing our sector.

Businesses recruitment and retention efforts include increasing wages and benefits, as well as flexibility, however they are struggling to do so while maintaining operations, which is affecting their ability to focus on business growth. With regards to retention, upskilling requirements and mental health issues are key concerns. Training and skills development is in high demand, but many small and medium sized businesses lack the scale or resources to offer it to their teams.



- 81% of respondents stated high operating costs/inflation as their top financial challenge
- 63% of respondents' top recruitment challenge is the shifting motivations of the workforce
- 58% of respondents said leadership skill development is their top training priority for the next 6 months

Source: OTEC Employer Pulse Survey, April 2024



# 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 330 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](https://tourismskillsnet.ca).

## Connecting Communities



## What Tourism SkillsNet Ontario members are saying:

- In response to the TSNO 2023 Annual Member Survey, nearly 80% of respondents agree that attending TSNO meetings increased their access to and knowledge of workforce solutions.

*"I appreciate all the takeaways from participating in the meetings to help us stay in the know regarding the sector, so we can help guide and support our employers and clients better"*  
~TSNO Member, 2023

## 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).

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## 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.



21 Four Seasons Place, Suite 300  
Toronto, ON - M9B 6J8 - Canada

t: 1.800.557.6832 (toll-free in CAN & USA)  
416.622.1975  
f: 416.622.7476

**tourismskillsnet.ca**  
info@tourismskillsnet.ca

**otec.org**  
info@otec.org



 **Tourism SkillsNet  
Ontario**  
Powered by **otec**