

The Post-Covid Future of the Tourism Workforce



Tourism **HR**
Canada



RH Tourisme
Canada



Tourism HR Canada's Mandate

Tourism HR Canada is a pan-Canadian organization with a mandate aimed at building a world-leading tourism workforce. It facilitates, coordinates, and enables human resource development activities that support a globally competitive and sustainable industry and foster the development of a dynamic and resilient workforce.

Tourism HR Canada is your source for current human resources issues and solutions. The organization works with the industry to attract, train, and retain valuable tourism professionals by giving them the tools and resources they need to succeed in their careers and entrepreneurial endeavours.

Tourism HR Canada's research historically focused on workforce issues, including compensation practices, employment equity, seasonality, and perceptions of tourism as a place of employment. Research also included the benefits of tourism as a learning environment where employees develop essential social and employability skills that benefit workers throughout their careers. Since March 2020, Tourism HR Canada has pivoted much of its focus towards research on the immediate threat of COVID-19 to the industry. While the primary focus of this report is Canada's tourism workforce, broader economic, social, and political factors were also considered to contextualize the findings.

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Contents

1.	Executive Summary	1
1.1.1	Setting the Scene.....	1
1.1.2	Project Purpose	1
1.1.3	Project Background	2
1.1.4	Key Research Findings	2
1.1.5	Strategic Directions	5
2.	Strategic Directions	7
2.1	Summary	9
	Strategic Direction 1: Information.....	11
	Strategic Direction 2: Foundation.....	13
	Strategic Direction 3: Collaboration	15
	Strategic Direction 4: Imagination.....	18
2.2	Current Initiatives.....	20
3.	Literature Review.....	22
3.1	Project Scope and Definitions.....	22
3.2	Research Findings.....	28
3.2.1	Tourism Industry in Canada before COVID-19.....	29
3.2.2	Impacts of COVID-19 on the Canadian Tourism industry.....	50
3.2.3	Future of the Canadian Tourism industry	76
3.3	SOARR Assessment – Future of Tourism HR Perspective in Canada	90
3.3.1	Strengths	91
3.3.2	Opportunities.....	91

3.3.3	Aspirations.....	92
3.3.4	Risks	93
3.3.5	Results.....	93
4.	Appendix: Background Research Findings.....	95
4.1	Data Analysis.....	95
4.1.1	Vicinity Jobs – Labour Demand Report	95
4.1.2	Review of Tourism HR Canada Supporting Data.....	99

1. Executive Summary

1.1.1 Setting the Scene

The Canadian tourism industry is being challenged like never before. Over the course of a year, the impacts of COVID-19 have devastated the industry, with businesses and workers disproportionately affected compared to the broader Canadian economy. Further, the industry will likely be one of the slowest to recover fully. The tourism sector lost 881,700 workers during the first ten weeks of the pandemic. By the end of 2020, total jobs had dropped by 22%, from 2,035,200 to 1,570,600¹. The rise of deadly new virus strains fueled a third wave that cut short the lifting of restrictions following the second wave. However, following delays and uncertainty around vaccine availability, increased vaccination rates bring hope that local and domestic travel will kickstart a recovery this summer. Health Canada modelling indicates that restrictions can start to lift once 75% of Canadians receive their first vaccine, which could occur as early as late June. At least some provinces may choose to follow a more aggressive reopening timeline. However, domestic tourism will be unevenly spread across industries and regions despite reopening. International and business travel will be minimal this summer.

This loss of employment and the poor short-term outlook has caused significant external attention to be placed on the tourism industry and its long-term sustainability. However, as the findings within this study revealed, COVID-19 is not the only threat to the industry. As the sector recovers, any unresolved, pre-existing challenges will likely return alongside the new challenges created by the pandemic. A comprehensive pan-Canadian tourism strategy focusing on tourism labour is now more important than ever as the sector strives to overcome existing and emerging hurdles collectively.

1.1.2 Project Purpose

The purpose of this study was to analyze Tourism HR Canada's collected research on the tourism sector's employment issues and – alongside additional external sources – research and create a report that predicts the future challenges to be faced by the industry. Relevant recommendations will support strategic approaches to overcome these challenges and drive sector resiliency. While

¹ Tourism HR Canada, "Workforce Shortfall and What it Takes to Restart Canada's Tourism Workforce", February 2021

the primary focus is employment-related considerations in the tourism sector, broader economic, social, and political factors were also considered to contextualize the findings.

1.1.3 Project Background

Tourism HR Canada retained MDB Insight to lead this study in November 2020. The Ontario Tourism Education Corporation (OTEC) provided additional writing and consultation support. Major project components included:

- **Literature Review** – Analysis of major challenges and opportunities facing the sector. This research used secondary research, available data sources, and Vicinity Jobs labour demand data to examine:
 - The tourism industry in Canada before COVID-19
 - The impacts of COVID-19 on the Canadian tourism industry; and,
 - The future of the Canadian tourism industry
- **Pan-Canadian Workshops** – Eight regional workshops were conducted across Canada during February 2021, with half of the sessions focused on tourism employers and the other half on workers. These sessions were conducted virtually and facilitated by Queen's Executive Decision Centre. Over 80 participants attended.
- **SOARR Assessment** – Research and workshop findings were then inputted into a SOARR Assessment (Strengths, Opportunities, Aspirations, Risks and Results).
- **Strategic Directions** – Insights from the SOARR Assessment were then used to create four strategic directions. Several objectives were developed and positioned as opportunities to improve the sector. More information on these directions can be found below.

1.1.4 Key Research Findings

The following high-level research findings emerged from this study. For more detailed analysis, please consult the literature review.

- COVID-19 has disproportionately affected the Canadian tourism sector when compared to the broader economy. Tourism will likely be one of the slowest industries to recover. Tourism activity may not return to 2019 levels until the middle of the decade.

- Prior to Covid-19, workforce shortages limited tourism's growth. Projections from the Conference Board of Canada showed that demand for labour was growing faster than the supply of labour in the tourism sector. The number of tourism jobs going unfilled by 2035 was projected to reach 93,000. These unfilled jobs would lead to unmet demand and \$10.1 billion in unrealized revenue.
- One of the biggest threats to the future sustainability of the industry is reattracting the displaced workforce. Stakeholders across the board are highly concerned that displaced workers will not return to the industry even when the pandemic is over, leading to labour shortages for operators.
- Within the sector, minority groups have been disproportionately impacted, highlighting the need for a greater focus on an inclusive recovery strategy.
- The tourism industry has several structural challenges that continue to restrict growth, such as poor transportation networks, limited reliable labour market information, and infrastructure deficits, such as a lack of internet connectivity in rural/remote areas. International tourism demand is concentrated geographically, and its benefits are not distributed evenly. Domestic and international tourism demand are highly seasonal (e.g., summer peak), which exacerbates seasonal labour shortages.
- The image of tourism from a career perspective is poor. Many workers are concerned about low wages and compensation, securing reliable hours, career development opportunities, and the industry's stigma of being low-skilled with poor job security.
- Immigration has been a critical source of workers for the industry over the past two decades and will continue to be vital to its overall success as Canada's population ages. A focus on reforming immigration pathways for permanent residents, temporary foreign workers, international students, and refugees to align with the tourism industry labour needs is required.
- Canada was setting records for overnight visitation and tourism GDP growth before the pandemic, fueled by strong demand from international visitors. Canada's diversity of attractions will continue to draw overseas tourists to the country.
- The pandemic has revealed the inherent shortfalls in the availability of up-to-date data for monitoring and predicting the short- and medium-term outlook (e.g., cases per country,

employment indicators, recovery efforts, diversity/inclusion related data, etc.) because of the limited history of pandemic data and the multidimensionality of the problem.

- Canada could be on the cusp of an economic rebound fueled by vaccination rollouts, improving consumer confidence and building travel demand. The rebound will result from those households that were fortunate enough to continue working during the pandemic starting to spend some of the savings they have built up during travel restrictions.
- Employment within the tourism sector has fallen significantly over the course of the pandemic. Between February 2020 and April 2021, employment in the tourism sector decreased by 519,100. Overall employment across the entire Canadian economy has fallen by 422,800. This gap suggests that at least some former tourism workers have found work in other industries.
- It is important to recognize that the “tourism recovery” will happen at different speeds, depending on industry and geography. Tourism industries such as restaurants and recreation facilities that derive significant demand from locals (i.e., non-tourists) will recover faster than those that rely on domestic tourists. Businesses that rely heavily on international travel face the most prolonged recovery outlook.
- The pandemic has spurred demand for outdoor recreational activities because of their relative safety. At the same time, urban cores have suffered from a lack of business travel and international travel. Office workers have also moved out of downtown urban areas—possibly for good.
- Uncertainties remain regarding the pace of vaccination, timelines for easing of restrictions, and the availability of former workers when businesses re-open. Despite this, the most likely scenario is that some regions will see significant spikes in customer demand with an accompanying need for workers. At the same time, customer demand will remain below pre-pandemic levels in urban centres.

1.1.5 Strategic Directions

The Canadian tourism industry is at a crossroads. While the sector has been heavily hit in economic terms by pandemic restrictions, vaccine rollouts and mounting consumer demand for travel provide a light at the end of the tunnel. The industry could substantially benefit from the expected travel boom in the coming months. The recommendations in this report aim to embody

A foundation for strategic directions is based on policy makers, industry leaders and tourism operators needing continuous access to labour market information and a clear checklist to make evidence-based decisions. The industry's future success relies on the collective ability to be pre-emptive and agile in adapting strategy implementation as new information emerges.

this optimistic approach by anticipating ways to restart the sector proactively. Instead of relying on a specific predictive model for the recovery, this research provides a toolkit to help build industry resilience to unexpected and likely changes.

A key objective of this study was to identify directions to overcome challenges considering the high levels of uncertainty within the industry, positioning Canadian tourism for global success over the long term. While Tourism HR Canada commissioned this study, the recommendations promote a broader, inclusive, sector-driven response that encourages active participation and leadership across and among all industry stakeholders.

- **Strategic Direction #1: Information** – Improve the availability of reliable, quality, and real-time Labour Market Information that should be accessible to all industry stakeholders.
- **Strategic Direction #2: Foundation** – Address structural issues such as transportation, compensation, infrastructure connectivity, limited labour supply, limited worker mobility and internet connectivity that are holding the sector back.
- **Strategic Direction #3: Collaboration** – Recognize that Tourism HR Canada is one player in an intricate private/not-for-profit/public tourism ecosystem where long-term success and sustainability are only possible through mutually beneficial partnerships. Tourism HR Canada can drive collaboration amongst partners and take a coordinating role on workforce issues at the federal level.
- **Strategic Direction #4: Imagination** – Embrace evolving visitor expectations and technological innovations, encourage operators and industry organizations to take risks, be more creative, and leverage pandemic learnings to redefine how the sector plans, operates and is perceived.



02

STRATEGIC DIRECTIONS

2021

2. Strategic Directions

This section provides strategic directions for the Canadian tourism industry as the economy looks to recover from COVID-19². In many cases, efforts are already underway in some of these areas. These recommendations are not meant to negate existing activity but highlight what is needed to enable the tourism sector to recover.

Figure 1 provides an overview of the four strategic directions identified to ensure tourism is on the right path to economic recovery. It is worth considering that some suggestions have implications beyond the tourism industry but are still considered in our analysis, given their relevance to the sector's recovery. The primary criteria for selecting the strategic directions in this report were their potential to help the tourism labour force post-COVID, regardless of whether the industry led the initiative or acted as an advocate, partner, or supporter.

Figure 1: Overview of Strategic Directions & Objectives



² For the purposes of this project, “COVID-19” refers to the impacts of the pandemic, all associated government restrictions, policies, and lockdowns.



Goal 3: Collaboration

- National Strategy
- Centralized Knowledge Sharing
- Joint Training Practices & Programming
- Industry Resilience Plan
- Advocacy
- Reattraction Strategy



Goal 4: Imagination

- Improving Perceptions
- Digital Capabilities
- HR Technologies
- Immigration
- International Students

2.1 Summary

Strategic Direction 1: Information

COVID-19 has highlighted the importance of current, real-time data and labour market information (LMI) that is scalable (local to national), comparable, timely, granular, industry-specific, and open to all. The pandemic has also impacted individuals differently based on gender, race, ethnicity, religion, age, and mental/physical disability. Gender Based Analysis+ (GBA+) is crucial³ to monitor those impacts. Historical datasets provide valuable insights and act as benchmarks, but they do not allow us to understand current trends or predict future challenges. Demand has increased for quality LMI to monitor and predict skills needs and matching. LMI is also needed on the use of automation, an ongoing threat and opportunity for the labour force. Overall, Canada has a dynamic LMI ecosystem with numerous players but lacks connectivity between data sources. To efficiently disseminate knowledge to its beneficiaries within the tourism industry, an open, inclusive LMI data bank is needed, so individuals, organizations, and commercial enterprises are welcome to use the data for any purpose.

Strategic Direction 2: Foundation

COVID-19 has exacerbated structural challenges plaguing tourism, limiting growth potential for years. Improved infrastructure connectivity is a foundational requirement, including better transport connections between source markets and major traveller hubs, which also impacts the mobility of the workforce. Technology offers opportunities to streamline transportation and other tourism infrastructure, reduce over-visitation in urban hubs during peak seasons, and lower barriers to workers accessing employment opportunities. The pandemic has highlighted a shift in domestic consumer preference from cities to quieter rural locations. The chance to lock in this demand trend and expand it to include international visitors will help decentralize destination hubs and boost visitation in shoulder seasons. In turn, higher shoulder season visitation can increase the percentage of year-round, higher-earning tourism jobs in these locations.

³ Government of Canada (2021) [What is GBA+](#)

Strategic Direction 3: Collaboration

The ongoing battle against the global pandemic has demonstrated the importance of cross-sector collaboration to ensure the tourism sector survives. Businesses, workers, educators, and all levels of government have come together to address the direct and indirect effects on public health and the economy. In Canada, there is also a strong network of provincial Tourism Human Resource Organizations (HROs) that have the mandate to define strategies on tourism labour market issues and implement solutions within each province. Other tourism stakeholders, including federal and provincial Tourism Industry Associations, Governments, Educational Institutions, Service Providers, and Destination Marketing Associations, also have an essential role in achieving tourism workforce goals. Objectives identified within this pillar seek to cement newly strengthened partnerships so the tourism sector continues to collaborate moving forward. Emphasis is placed on the importance of strategizing on a pan-Canadian plan to address the needs of the tourism labour force and guide ongoing efforts to cooperate and ensure a smooth recovery.

Strategic Direction 4: Imagination

COVID-19 disrupted how tourism operates, causing redefined visitor experiences, human resource practices, and industry collaboration tactics. Industry transformation must go beyond treating challenges in isolation. Reimagining how Canada's entire tourism system operates will help rebuild the structure and start fresh. Leaving stale thinking behind helps the industry embrace new technologies, promote productive patterns of behaviour, stabilize sources of labour, and improve industry image.

Strategic Direction 1: Information

Objective 1a: Data Availability

- Make new and existing LMI data readily accessible via a single access point to enhance usability.
- Allow access to data (open-source where possible), so software developers, tourism businesses, private firms, educational providers, and industry bodies can use it to develop innovative new apps, tools, or inform research projects.
- Establish a tourism intelligence repository with both public and private sector data sets, ensuring that data sets are reliable and maximize the use of existing information.

Objective 1b: Real-time Data

- Prioritize real-time data sources and support capacity among tourism businesses to leverage this data into their decision-making.
- Enhance digital, and real-time data use among businesses, workers, and consumers in the tourism industry.
- Collaborate as an industry to increase the available sources of real-time data relevant to tourism in Canada.

Objective 1c: Skills Matching

- Prioritize availability of LMI resources focused on skills matching to fill job vacancies and facilitate effective career planning and progression.
- Continue to improve the availability of data on in-demand skills to support training resources and match workers with jobs.
- Integrate LMI into developing dynamic career mapping tools and skills competency frameworks that map workers' career progression pathways but allow for vertical, horizontal, and diagonal movement.

Strategic Direction 1: Information

Objective 1d: Knowledge Translation

- Ensure LMI is presented in a manner that is easily usable by tourism businesses, particularly small and medium sized enterprises (SMEs), and workers – since most tourism businesses have limited capacity to conduct analyses.
- Present insights in formats that clearly articulate the value of the data to tourism businesses and workers.
- Prioritize the creation of plain language action guides which can be used by businesses, leveraging the strategic and analytical capabilities of higher-level organizations in the industry.

Objective 1e: Data to Promote Diversity/Inclusion

- Re-assess current data assets for the potential to enable GBA+ analyses.
- Incorporate GBA+ analyses into tourism research practices, policymaking, and strategy.
- Look for additional data sources and methodologies to accurately measure gender and demographic trends/issues to enable proper decision-making on diversity, inclusion, and anti-oppressive practice in tourism.

Strategic Direction 2: Foundation

Objective 2a: Internet Access

- Continue to lobby the government for increased internet connectivity for all tourism businesses (especially rural/remote locations).
- Encourage operators to invest in or upgrade to high-speed internet connections to increase visitor and worker attraction capacity.
- Collaborate across industries to establish a last-mile internet investment fund and task force to help connect clusters of tourism businesses to high-speed internet.

Objective 2b: Infrastructure Connectivity

- Advocate for improved transportation infrastructure across Canada to allow for a greater influx of international visitors and the movement of workers when markets reopen.
- Integrate technology to reduce wait times, increase data capture, and facilitate improvements within major air transit hubs and tourism destinations.

Objective 2c: Decentralized Tourism

- Launch marketing tactics to attract visitors and locals into smaller urban and rural communities outside of metropolitan hubs.
- Revitalize the infrastructure at secondary/rural and outdoor locations to ensure long-term sustainability beyond the inflated COVID visitor influx.
- Support programs that increase labour market growth and increased labour market participation in rural and remote regions of Canada

Objective 2d: Shared Worker Model

- Encourage employers to share workers or create shared-worker pools.
 - Seasonal Pools: Workers within these pools will have their experience recognized, allowing them to easily transition and secure jobs across seasons, companies, and geographies.

Strategic Direction 2: Foundation

- Regional Pools: Operators share employees across multiple geographically close destinations, increasing job continuity, career growth potential and reduce labour cost implications for SMEs.

Objective 2e: Marginalized Worker and Entrepreneur Supports

- Develop more supports to attract marginalized populations (Indigenous populations, women, visible minorities, and newcomers, disproportionately affected by the pandemic) to the sector, such as additional financial supports, new business incentives, and training.

Objective 2f: Improved Wages, Compensation and Profitability

- Increase tourism business profitability by encouraging the growth of the high-value traveller segment to Canada. Improved profit margins in tourism industries can enhance compensation and working conditions for employees within the tourism sector.
- Collaborate within the tourism industry to improve the productivity and profitability of businesses through enhanced training, partnerships, marketing, and business planning.

Strategic Direction 3: Collaboration

Objective 3a: National Strategy

- Advocate for labour force issues to be a pillar of pan-Canadian tourism strategies currently underway so that guidance is provided within a nationwide scope and an industry-wide collaborative lens.
- Build on national tourism advisory committees by establishing working groups focused on labour force challenges for specific regions and industry sectors.
- Develop detailed business/workforce retention and attraction action plans aligned with current sector recovery efforts.
- Continue to coordinate industry efforts and resources, including funding allocations, ensuring workforce needs are accounted for in strategies.
- Ensure labour force considerations are accounted for in tourism marketing strategies.
- Advocate for a national strategy that is fair and inclusive for all employees and jobseekers using a GBA+ lens.
- Advocate for government subsidies for transportation links (e.g., air, rail, bus, ferry) in upfront discounts or tax rebates to revive domestic tourism demand during the reopening.

Objective 3b: Centralized Knowledge Sharing

- Collaborate effectively via a centralized knowledge sharing tool, allowing users to search and share best practices (e.g., files, videos, data sources etc.) and read updates by tourism industry organizations.
- Monitor engagement analytics to adjust and streamline content-sharing processes to ensure businesses are absorbing shared content. Establish a centralized tourism business directory.

Strategic Direction 3: Collaboration

Objective 3c: Joint Training Practices and Programming

- Advocate for provincial/territorial and federal governments to increase funding for incentives that support collaborative training partnerships between Human Resource Organizations, and Tourism Industry Associations to capitalize on strengthened connections established during COVID-19.
- Target training resources at teaching high in-demand transferable skills (e.g., digital skills) with a focus on upskilling or reskilling workers as the tourism industry recalibrates post COVID-19.
- Prioritize low-cost, online training modules (widely adopted during COVID-19) to promote wide-spread accessibility and inclusivity, complemented with in-person sessions whenever possible.

Objective 3d: Industry Resilience Plan

- Support a tourism crisis management taskforce comprised of industry leaders across Canada with the mandate of reviewing best practices to create a future disaster mitigation strategy.
- Share relevant best practices industry-wide, emphasizing lessons learned from the pandemic and providing solutions accessible to employees and SMEs.
- Support business management skills development for owners, operators, and managers. Owners, operators, and entrepreneurs will all need support gaining a foothold in the post-COVID tourism economy.

Objective 3e: Advocacy

- Encourage industry associations and destination-level organizations to actively reach out to their members/local businesses and check in on the labour market supports they require.

Strategic Direction 3: Collaboration

- Encourage advocacy efforts targeted at garnering industry support at the individual, community, organization, agency, and systems level, to improve worker and business outcomes within the Canadian tourism sector.

Objective 3f: Reattraction and employment strategy

- Advocate for the federal government to engage with industry leaders and operators to develop an action plan for reattracting former workers and attracting new employees to the sector, and to understand existing and future labour and skill challenges.
- Advocate for the federal government to extend existing wage subsidy programs until the end of 2021 or early 2022 and to casual workers (e.g., events, concerts, etc.) to help stimulate demand.
- Investigate financial incentives or tax rebates to attract workers.

Strategic Direction 4: Imagination

Objective 4a: Improving Perceptions

- Redefine and rebrand the image of tourism as a preferred place of work.
- Showcase successful career paths in tourism to promote the sector as a viable career choice.
- Improve well-defined career paths, job security, and career growth opportunities.
- Provide tourism businesses with digital marketing training to ensure that their value proposition is clearly articulated and fully leveraged with digital marketing tools.

Objective 4b: Digital Technologies

- Integrate innovative technologies to redefine the visitor experience.
- Provide financial and other supports to maximize technological advances to ensure Canadian businesses are ahead of the curve in adopting new technologies. These would include Augmented Reality (AR), Virtual Reality (VR), Internet of Things (IoT), Virtual Assistants, and improved mobile networks (e.g., 5G).
- Encourage early adopters of new technology to share their successes in disrupting traditional business models to make the whole industry more resilient.

Objective 4c: HR Technologies

- Develop additional support services to teach tourism businesses how to link relevant human resource (HR) analytics on recruitment, retention, professional development, and performance monitoring with business results and improve return on investment.
- Explore the integration of advanced analytics that track employee engagement to identify areas for improvement, efficiencies, and productivity gains.

Strategic Direction 4: Imagination

Objective 4d: Immigration

- Work with Immigration, Refugees, and Citizenship Canada (IRCC) to explore new immigration visa options that address short-term, seasonal worker shortages, along with increasing avenues to secure permanent residency.
- Work with IRCC to ensure the current restructuring of the National Occupational Standards (NOS) system will allow for permanent residency immigration systems to align with the tourism sector's expected skills needs.
- Reevaluate processes and protocols such as Labour Market Impact Assessments (LMIAs), job advertisement requirements, and closed worker permits that restrict workers to specific employers or destinations. Particularly for foreign workers intending to work in low-skilled occupations within tourism (e.g., NOC Skill Level C&D).
- Encourage virtual hiring strategies and collaboration with community partners to help businesses gain access to more diverse potential immigrant labour sources.

Objective 4e: International Students

- Modernize international student immigration forms and processes to streamline visa options for students who wish to stay and work in Canada, emphasizing employment opportunities within the tourism sector.
- Increase the maximum hours international students can work each week.
- Develop a national tourism job/internship platform that consolidates job and co-op opportunities for international students, placing emphasis on opportunities with clear long-term employment pathways for students or summer work that fills seasonal labour supply issues.

2.2 Current Initiatives

The purpose of this section is to highlight some exciting activities already occurring within the tourism sector that align with the strategic objectives identified above. These examples provide snapshots to showcase the practicality and importance of this report's strategic recommendations. This is not a comprehensive list of activities being undertaken by tourism stakeholders acting on behalf of the industry. Rather, it demonstrates only a few of the efforts being made to help the tourism sector recover. Among many others currently underway, these initiatives will improve the tourism industry's outlook during the recovery from the COVID-19 pandemic.

- **2021 Tourism Recovery Plan** - The Tourism Industry Association of Canada (TIAC) has developed a recovery plan with a committee of tourism leaders from across Canada that focuses on three recovery themes: (1) Supporting Business Solvency, (2) Championing Safety, and (3) Keeping Canada Globally Competitive.

[Download the 2021 Tourism Recovery Plan](#)

- **What it Takes to Restart Canada's Tourism Workforce:** Tourism HR Canada has produced a pan-Canadian tourism workforce strategy in its Workforce Shortfall Report. The document outlines priority strategies to restart the tourism workforce. The report draws on the focus groups conducted during this study and the key takeaways from the 2021 Labour Market Forum.

[Download Workforce Shortfall and What it Takes to Restart Canada's Tourism Workforce](#)

- **Tourism and Hospitality Emergency Recovery (THER)** - THER is a recovery plan for workers and workplaces to help individuals who have lost their jobs or are working fewer hours due to the COVID-19 pandemic. THER will connect workers with training to build the skills they need to thrive in the “new normal” workplace. The program will support workers with reskilling programs to transition to new job opportunities; provide information about grants, relief programs, supports and how to return to work safely; and list employment resources, including job opportunities, job search resources and employment programs in communities.

[Visit the Tourism and Hospitality Emergency Recovery website](#)

- **COVID-19 Recovery Signals Framework** - Destination Canada developed this framework to understand where, when and how recovery could unfold in the tourism sector. Destination Canada also conducts ongoing research on the impact of COVID-19.

[View the COVID-19 Recovery Signals Framework](#)

[Visit Destination Canada’s COVID-19 Research](#)

- **Ontario Tourism Education Corporation (OTEC)** - partnered with FutureFIT AI to collect Labour Market Information every month for the hospitality, food and tourism sector. In phase two of this project, OTEC is currently focused on developing a local economic and labour market forecasting model.

3. Literature Review

In our analysis of the future of the Canadian tourism industry beyond the COVID-19 pandemic, several data sources and research reports were reviewed. This section outlines the findings of the research and analyses which were used to build our recommendations at the beginning of the report.

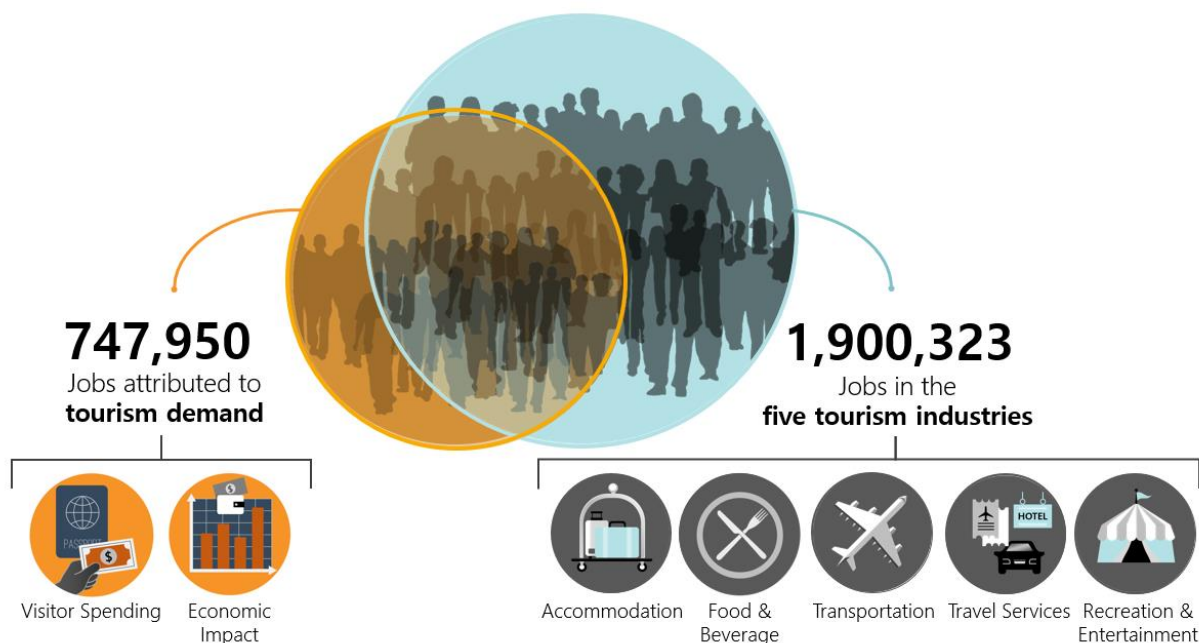
3.1 Project Scope and Definitions

Jobs in the Tourism Industry

Organizations in Canada use different definitions of jobs in the tourism industry. Some measure “jobs attributed to tourism demand”, which is employment created directly from visitor spending (by this definition, there were 747,950 tourism-related jobs in Canada in 2019). Others measure the total number of workers in tourism industries because some tourism industries see a significant portion of their revenues—and therefore employment—come from locals, as well as visitors.

This report looks at all jobs in tourism industries in most cases. It includes all jobs in the five tourism industry groups (accommodation, food & beverage services, transportation, travel services, recreation and entertainment). By this measure, in 2019, there were 1.9 million full-year jobs in Canada’s tourism sector, ten percent of all full-year jobs in the economy.

Figure 2: Defining Tourism Jobs⁴

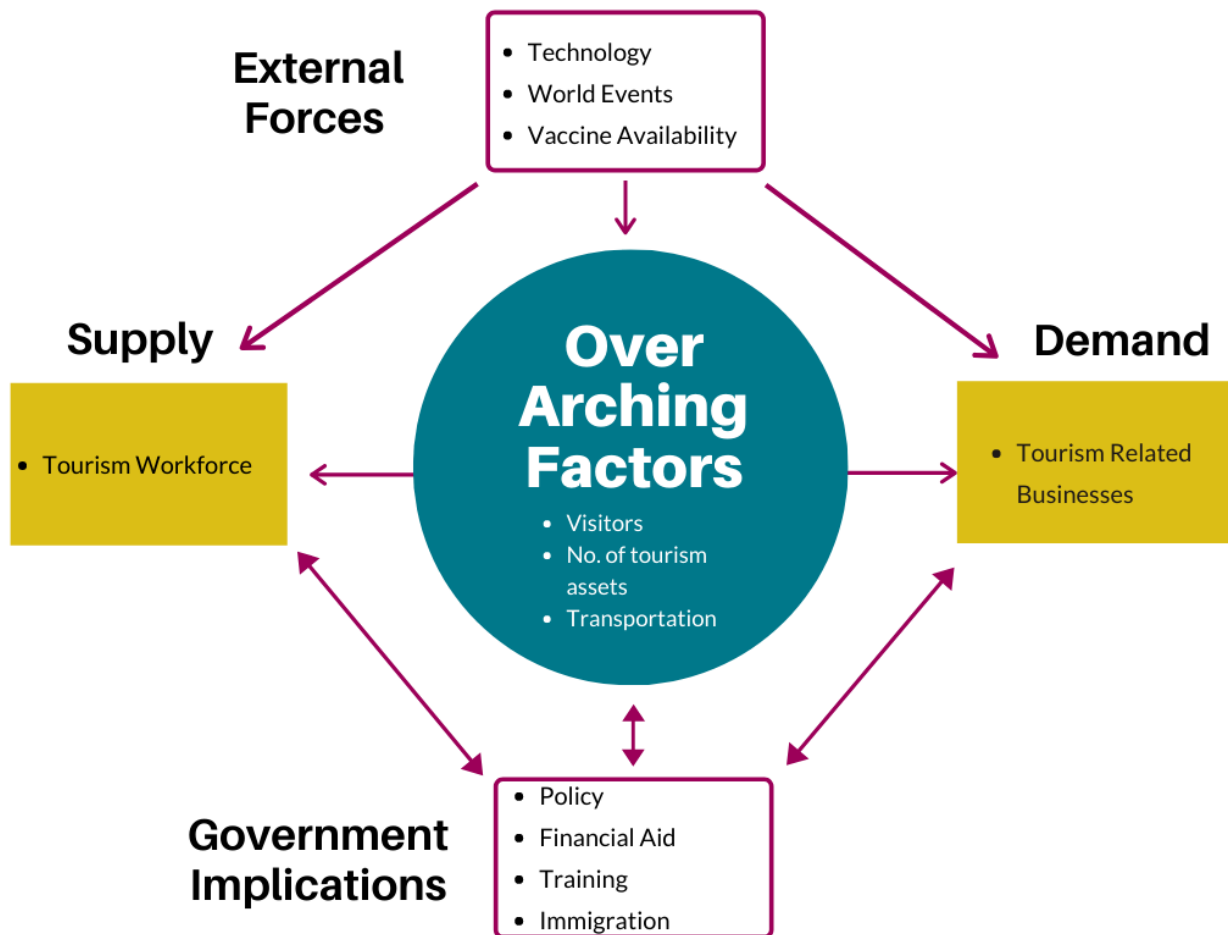


Research Scope at a Glance

The following diagram demonstrates the scope which was taken to guide the research in this section, illustrating how various players and factors in the tourism labour market are highly interrelated. To adequately consider the implications of COVID-19 for the future landscape of the labour market, our examination required a broader consideration of all external forces, overarching factors, and government policies that impacted the tourism industry. Future implications were identified for the tourism labour market through this lens, and strategic recommendations were built on these implications. Many of these broader areas of focus are not included directly in this report to limit its scope but they were reviewed to frame the findings and recommendations appropriately. The implications of these actors and forces on the tourism labour market are demonstrated in more detail below.

⁴ Source: Tourism HR Canada, "747,950 or 1,900,323 – Just How Many Jobs Are There in Tourism?", 2021

Figure 3: Factors affecting the Canadian tourism industry labour market



Overarching Factors

Overarching factors refer to areas that overlap and impact both supply and demand elements and the level of market readiness for industry labour market planning and coordination. For example:

- **Visitors** include both domestic and international visitors. Various international source markets are important for Canada. Visitor preferences and demographics change over time, along with their spending habits and level of access to the country. During the pandemic, the shift to a purely domestic tourism market—when travel has been allowed—has changed the demographic profile of visitors.
- **Local Demand** is the spending by non-tourists at tourism businesses. Because this report considers the total tourism workforce, the level of demand from locals within each tourism industry must be considered. In the absence of significant domestic or international travel, some tourism industries can rely on non-tourism spending to a degree. However, even local demand has been negatively affected by the pandemic.
- **Transportation** examines what transportation infrastructure is in place to allow the workforce to reach their place of work, along with helping tourists reach destinations. Additionally, understanding how changing work patterns will dictate the need for transportation infrastructure over the coming decade is another critical factor.
- **Tourism Assets** focus on the diverse types of tourism assets within Canada (e.g., natural vs. urban) and acknowledges that the tourism industry would not exist without ongoing care of these assets.
- **Immigration** involves identifying the implications of government immigration policy that affect the supply of workers.

External Forces

Several external market factors influence the tourism industry.

- **Technology** looks at new and emerging technology trends impacting visitor experiences and productivity in the tourism industry (e.g., remote workers, online purchases, virtual education, training, etc.). This factor also discusses access to reliable internet from a business and visitor perspective.

- **Major World Events** involves acknowledging that world events such as pandemics (e.g., COVID-19), wars (e.g., 9/11 terrorist attacks), and natural disasters dramatically affect the Canadian tourism market through closures of national borders and air travel restrictions. Currently, the most significant world factor impacting the sector is the pandemic and vaccine availability/roll-out.

Supply

The supply side of the tourism industry labour market includes:

- **The Tourism Workforce** is the primary focus of this study, including understanding COVID's impacts on the size and composition of the tourism workforce, along with the core skill sets. Another factor to consider is how many Canadians remain employed or reliant on employment/income supports. Therefore, the factors that impact the number of workers available and their propensity to apply for jobs/perform work in the industry are considered in our analysis of the labour market's supply side.

Demand

The demand side of the tourism industry labour market includes:

- **Tourism-related Businesses** include the full set of tourism businesses within each industry group (transportation, travel services, accommodations, food and beverage services, and recreation and entertainment). This criterion also assesses the degree to which local demand supports tourism businesses based on their specialty (e.g., restaurant vs. hotel) and location (e.g., urban, or rural), the diminished capacity and size of businesses during the pandemic, and the level of government support for businesses. The demand side of our analysis considers the factors that impact the success and health of tourism businesses since these businesses recruit and hire workers (i.e., demand labour).

Government Implications

These factors refer to the importance that government action has on shaping the tourism industry.

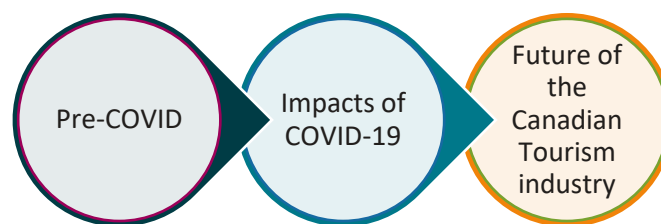
- **Policy** includes any major federal, provincial/territorial, or local policies that impact supply, demand, or overarching factors.

- **Financial Aid** (while a result of policy action) specifically refers to any monetary support programs (e.g., the Canadian Emergency Wage Subsidy or Canadian Emergency Response Benefit) or other supports affecting the tourism industry.
- **Training** looks at training mandates or regulations that exist, along with unique programs in operation.

3.2 Research Findings

Prior to the pandemic, the tourism industry in Canada was strong, and Gross Domestic Product (GDP) from tourism demand was growing faster than Canadian GDP overall.⁵ Nonetheless, it also faced significant challenges. Tourism provides considerable employment for young workers, but an ageing workforce, and negative perceptions about work in the industry hampered job growth. These trends created a situation in which demand for tourism products and services grew faster than the ability of Canada's labour force to supply the workers needed to provide those products and services. While the pandemic has changed many things in the industry, it is doubtful that these underlying structural challenges have disappeared. If anything, the pandemic has further exacerbated these structural difficulties, in addition to introducing significant new challenges. Therefore, a review of the Canadian tourism industry pre-COVID and the current impacts of COVID was conducted to identify these pre-existing structural challenges and emerging threats. This section will provide insights towards this project's guiding questions and outline important future considerations for the tourism industry in Canada.

Figure 4: Overview of Background Research Sections



Some of the key guiding research questions have been included below:

- Image of Tourism: How is the tourism sector viewed by workers, employers, and the public, and how has COVID-19 impacted these perceptions?

⁵ Tourism's share of Gross Domestic Product—the share of GDP attributable to visitor spending—grew from 1.97% of Canada's GDP in 2011 to 2.03% in 2019. Source Statistics Canada. Table 36-10-0235-01 Tourism share of gross domestic product at basic prices

- What were the structural challenges the Canadian tourism industry faced before the pandemic? How has the pandemic changed these challenges? To what degree will these challenges be expected to persist beyond the pandemic?
- What is the best strategic role of Tourism HR Canada?
- How can the industry ensure its ongoing sustainability across economic, social, political, and environmental pillars? How will/should the industry pivot in response to the changes presented by COVID?
- How has the landscape changed for the workers in the tourism industry during COVID? How can this be expected to continue to change once COVID subsides?
- How will the various government support and policies help businesses and workers continue to help businesses and workers during the pandemic and the recovery?
- How have visitor preferences and behaviour changed during the pandemic, and what conclusions can we draw for the medium-term during recovery?

3.2.1 Tourism Industry in Canada before COVID-19

Overarching Factors

Inadequate Transportation and Housing Networks – As an economic activity, tourism relies on transportation to bring visitors to destinations, with transportation itself sometimes being part of the tourist experience. Research by Destination Canada⁶ prior to COVID indicated that major Canadian cities were lagging internationally in their level of intermodal connections (e.g., from airports to urban hubs). Canada also suffered due to a lack of transport routes and intercity/local public transit to rural communities and nature-based attractions. Though the global market for nature-based tourism had been growing substantially over the last ten years—from US\$89 billion in 2009 to US\$450 billion in 2016 – the vast majority of international visitors' activities in Canada were urban. Almost three-quarters (74%) of international visitor activities in Canada were urban only, 24% were in and around urban areas, and only 2% were nature only. By contrast, in Australia, 69% of international visitors engaged in some form of nature-based activity.⁷ Poor transportation networks are limiting visitor access to national parks, with nearly 50% of national

⁶ Destination Canada, “*Unlocking the Potential of Canada’s Visitor Economy*”, Dec 2018.

⁷ Ecotourism Australia, “*Nature Based Tourism in Australia Manifesto*”, 2016

park visitors going to just three parks (Banff National Park – 25% of total park visitors, Jasper National Park – 14% of total park visitors, and Pacific Rim National Park – 7% of total park visitors).⁸ Pre-COVID, the key opportunities often discussed involved expanding air travel routes to more remote areas, using secondary airports, improving public transportation networks, and lowering car rental costs. Online travel agency Kiwi noted in its 2017 flight price index that Canada ranked 65th globally in terms of affordability, with Canadians paying more than twice the price of Americans for similar-distance domestic flights.⁹

Transportation is important to the tourism labour force through indirect impacts (driving visitor demand in an area) and direct impacts (providing transportation of workers to places of work). Public transit needs to be improved for rural and nature-based attractions to recruit workers who cannot afford a car to reach their place of employment. Demand for labour tends to be particularly acute in rural or remote areas. Tourism can be a major economic contributor to rural regions; however, labour is often a constraining factor. In these regions, job vacancies and unemployment can both be high at the same time because transportation and housing limit the ability to match unemployed workers with existing job vacancies.¹⁰ Before COVID, some pilot projects to mitigate transport issues were tested, including shuttle services between cities and rural areas that could also be used by tourists themselves, which in turn subsidized the cost for tourism workers¹¹. These projects were put on hold in 2020 and whether they resume in 2021 remains to be seen.

COVID-19 has exacerbated other existing challenges. House prices have risen in many rural areas, limiting affordable housing. At the same time, tourism businesses cannot guarantee work to seasonal employees in the face of potential COVID related restrictions.¹²

Data Capacity and Access to LMI – Limited access to high-quality, easily accessible data and Labour Market Information (LMI) is a structural challenge relevant to businesses, workers, and

⁸ Statistics Canada, “*International Travel Survey*”, public use microdata: 66M0001X

⁹ Financial Post, “*Flights from Canada among the most expensive in the world: survey*”, 2017

¹⁰ Seasonality and Labour Challenges in Rural Cape Breton, Tourism HR Canada, 2018

¹¹ CBC, Charlottetown-Cavendish Bus & Shuttle service aims to connect CBU students to rural employers <https://www.cbc.ca/news/canada/prince-edward-island/charlottetown-cavendish-bus-returning-for-island-workers-and-visitors-1.4561154> and <https://www.cbc.ca/news/canada/nova-scotia/cbu-shuttle-service-seasonal-employment-1.5220162>

¹² <https://www.cbc.ca/news/canada/toronto/prince-edward-county-tourism-workers-affordable-housing-1.6015205>

visitors in the tourism industry. Research from the Labour Market Information Council of Canada (LMIC) indicates that while considerable progress has been made towards improving the availability of LMI in Canada, there are still several gaps. Namely, LMI is difficult to access, use and understand for many policymakers—including governments, organized unions, and other organizations—job seekers, employers, and career practitioners. Additionally, information gathered is often not tailored enough for users' needs, data is not granular enough to capture location-specific requirements, or there is confusion regarding labour and skills mismatches.¹³ From a tourism perspective, there is an added concern that many small and medium-sized enterprises do not have the resources to access or analyze the LMI available. One of the fundamental difficulties with LMI adoption is that the LMI products are segmented, and users must draw from multiple sources to service their requirements. In a digital age with enormous data collection capabilities, creative solutions must capture the relevant LMI and support its widespread dissemination and usability in the tourism industry.

For example, when restrictions lift this summer, some regions may see demand from domestic tourism increase swiftly, leading to labour shortages. However, current data sets have difficulty identifying demand spikes and labour surpluses or shortages with that level of granularity. To inform the best policy approach to helping tourism recover, this level of precision is required.

Technology – Canada faces a national connectivity gap, particularly between rural and urban areas. Rural Canadians face the daily challenge of slower, less reliable internet access than those in urban centres. This lack of reliable internet inhibits tourism businesses' ability to grow, meet visitor expectations and attract a reliable workforce. Tourism businesses in regions without strong connectivity reported that it limited their ability to adapt by moving certain aspects of their business online. While the federal government has committed to connecting all Canadians to reliable high-speed internet, the rollout has been slow¹⁴. Data from the Canadian Radio-television and Telecommunications Commission suggest that just 40.8% of rural Canadian households have access to download speeds of at least 50 megabytes per second (Mbps) and upload speeds of 10 Mbps¹⁵. Recent efforts by provincial and federal governments, including the additional \$1 billion

¹³ Labour Market Information Council, *"LMI Best Practices Guide"*, 2020

¹⁴ Innovation, Science and Economic Development Canada, *"High-Speed Access for All: Canada's Connectivity Strategy"*

¹⁵ Canadian Radio-television and Telecommunications Commission, *"Broadband Fund: Closing the digital divide in Canada"*

for the Universal Broadband fund in the 2021 federal budget will help meet this need.¹⁶

Research from the Business Development Bank of Canada identifies a divide in the adoption of digital technologies among Canadian tourism businesses compared to other industries. The study assessed the digital maturity of small and medium-sized businesses in Canada using digital maturity scores. The report found that 23% of tourism businesses are 'digitally advanced,' better than the 19% average for all Canadian companies. This finding implies that many of these businesses tend to use digital tools to manage their business and drive organizational change. However, the same survey found that 59% of tourism businesses scored as 'digitally conservative' (indicating that they have low digital intensity and have trouble managing and driving change), demonstrating that more must be done to improve digital maturity in the sector.¹⁷ Access to reliable internet also directly impacts the ability to provide virtual education and training and impacts the visitor experience. Operators reported receiving lower ratings on online platforms such as TripAdvisor, often due to poor internet connectivity – a factor beyond their control. The slow rollout of high-speed internet has an added complication. Some tourism operators will have access to the network before others, providing them with a competitive marketing edge. The focus groups conducted as part of this study revealed that businesses without broadband connectivity felt they had less opportunity to pivot to online offerings.

Conversely, emerging technologies are quickly disrupting how tourism is consumed and conducted. Since Airbnb's introduction into the accommodations sector, the use of short-term rental companies has grown exponentially. Globally, guest arrivals at Airbnb listings had increased from 21,000 in 2009 to 80 million by 2016, and a similar trend is observable in Canada¹⁸. The adoption of new virtual onboarding tools and the prevalence of virtual or augmented reality tourism products indicates that many tourism practices are becoming more digitally integrated. Businesses and destinations are increasingly integrating tech-based experience in marketing activities to attract consumers to a destination and enhance visitor experiences while on-site. A key challenge is to ensure a correct balance between rapid digital adoption, connectivity, and protecting or retraining workers for the emerging digitalization of the tourism sector

¹⁶ Government of Canada, "A Recovery Plan for Jobs, Growth and Resilience" Budget 2021

¹⁷ Business Development Bank of Canada, "*Canada's tourism industry: Strategies to build more competitive businesses*", 2018

¹⁸ CBRE, [An Overview of AirBnB and the Hotel Sector in Canada](#), 2017

Travellers and Tourists

Overview – Pre-COVID-19, Canada's tourism industry was booming. Research by Destination Canada in 2019 showed over 308.7 million domestic and international trips to Canada, including 116.6 million overnights. Tourism contributed \$43.7B in Gross Domestic Product (GDP), up 3% from the previous year accounting for 2.03% of Canada's total GDP¹⁹. International visitors continued to be a growing, valuable market segment, with over 22 million overnight visits spending \$21.96 billion. Visitors were drawn into Canada by its safe, secure cities, friendly people, and remarkable natural parks and wildlife.²⁰

The challenge of concentrated demand – Although this rapid growth of international visitation is positive, it came with challenges. Further research by Destination Canada found that demand was so concentrated that it was constraining growth. For example:

- *Visitation to Canada was concentrated within three provinces and their major cities* – 85% of visitors travelled to either Ontario, British Columbia, or Quebec, with 74% of international visitors going to the three main cities in these provinces.²¹ This concentration of visitor activity meant that tourism employment derived from international visitation was primarily allocated to these areas.
- *Canada has a short summer peak season* – Before COVID, research showed that 3.5 times more leisure visitors came to Canada during summer (July to September) than in winter (January to March).²² This demand concentration placed enormous pressures on fixed infrastructure assets (e.g., hotel occupancy) and staffing models. Only 1% of visitor activities were winter based.²³
- *Concentrated demand leads to overcrowding and is unsustainable* – Pre-COVID, Canada was doubly impacted as visitation was concentrated within a small range of provinces and major cities and within a short summer period. This double impact usually resulted in crowding in

¹⁹ This figure encapsulates gross value added by all industry in response to tourism consumption plus amount of net taxes on products and includes domestic and international tourism consumption.

²⁰ Destination Canada, “*Tourism Fact Sheet*”, 2019.

²¹ Destination Canada, “*Unlocking the Potential of Canada’s Visitor Economy*”, December 2018.

²² Statistics Canada, “*International Travel Survey*”, public use microdata: 66M0001X

²³ Statistics Canada, “*International Travel Survey*”, public use microdata: 66M0001X

these tourism hotspots, thereby degrading visitors' overall tourism experience. This crowding also the increased risk of locals becoming disenfranchised with the sector.

- *Reliance on the United States* – Pre-COVID, Canada was highly reliant on the United States, albeit less so than in previous decades. The United States contributed just under 15 million (68%) overnight visits to Canada and just under half of international tourists' overnight expenditures, indicating the need for visitor diversification to prevent adverse market shocks. The top five source markets for overnight international visitors besides the United States were: United Kingdom (883,000 overnight arrivals), China (717,000 overnight arrivals), France (659,000 overnight arrivals), and Mexico (477,000 international arrivals).²⁴ Understanding which of these source markets will come back online first after the pandemic will be critical.

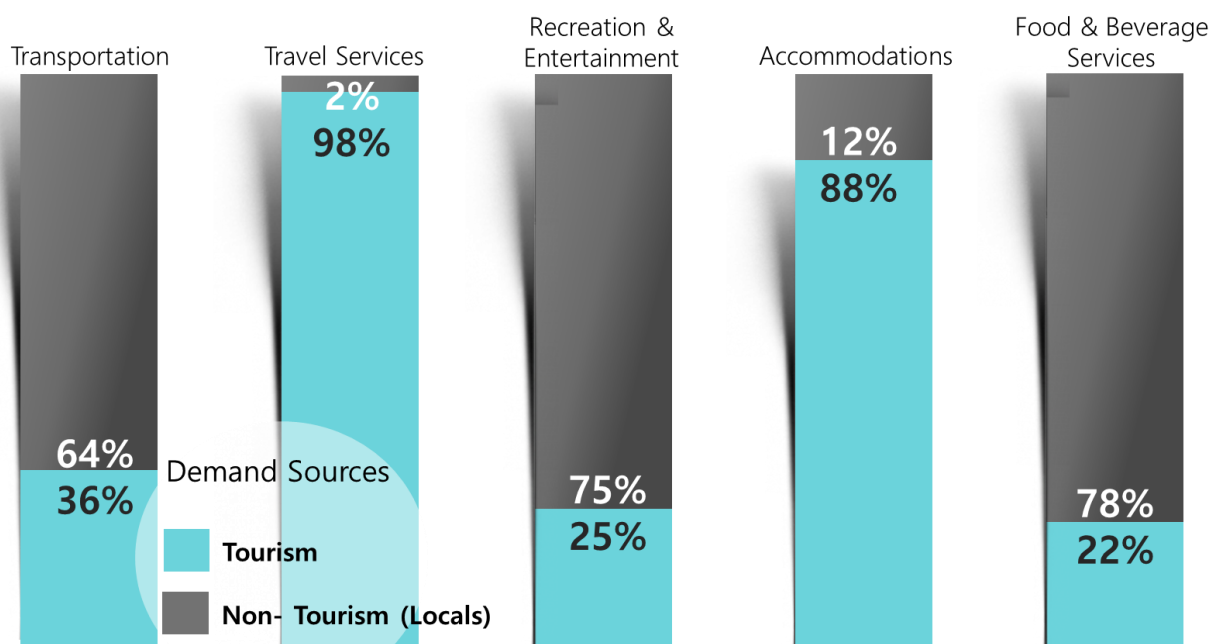
Domestic tourism demand – Domestic tourists (individuals travelling within Canada) are an important segment of the Canadian tourism industry. In 2019, there were over 275 million domestic tourism trips with expenditures exceeding \$45.7 billion. Among these domestic trips, 66% were same-day visitors (\$14.5 billion), and 34% (\$31.1 billion) were overnight visitors who generated over 262 million total nights stayed.²⁵

Local Demand – Tourism businesses also serve non-tourists. In fact, for the food and beverage services and recreation and entertainment industry groups, local demand supplies close to 80% of their revenue. This demand allows tourism businesses in these industries to operate in the absence of domestic and international travel, albeit at reduced capacity. Prior to COVID, the Conference Board of Canada estimated that non-tourism spending within the tourism sector could grow from \$134 billion in 2015 to \$188 billion by 2035.

²⁴ Destination Canada, "*Tourism Fact Sheet*", 2019.

²⁵ Destination Canada, "*[Tourism Fact Sheet](#)*", 2019.

Figure 5: Tourism Demand Source by Industry Group²⁶



Supply (of workers)

Overview – Pre-COVID, tourism was one of Canada's largest employment sectors. The combination of demand from tourists and locals supported 1.9 million full-year jobs in tourism industries in 2019²⁷. In February 2020, Canada's tourism sector employed over 2 million individuals.

A full-year job is defined as regular work for the period of one year. If the work only exists for the fraction of the year, then it only counts as the corresponding fraction of a job. In contrast, the Labour Force Survey estimates the number of people currently working in a given month. Hence the number of people working in a given month can exceed the number of full-year jobs in an industry.

As described in the Scope and Definitions section, these jobs exist across five industry groups (food and beverage services, accommodation, transportation, recreation and entertainment, and travel services). Tourism is a vital employer for Canadian workers. It accounts for substantial employment in all Canadian provinces and territories. Tourism makes up a similar proportion of total employment across most provinces, with a slightly higher percentage in Nova Scotia and British Columbia (Figure 6). Due to the relative size of the four largest provinces (Ontario,

²⁶ Conference Board of Canada, Demand for Tourism Goods and Services - 2019

²⁷ Statistics Canada, Tourism Human Resource Module, 2019

Quebec, British Columbia, and Alberta), these provinces account for 87% of Canada's total tourism employment²⁸.

Figure 6: Employed Tourism Workers as a Proportion of All Employed Workers by Province 2019²⁹

	Total, All Industries (x1,000)	Total, Tourism (x1,000)	Percentage Tourism
Canada	18,985.6	2,076.1	10.9%
Newfoundland and Labrador	227.0	25.6	11.3%
Prince Edward Island	79.2	8.3	10.5%
Nova Scotia	461.2	53.5	11.6%
New Brunswick	361.1	31.7	8.8%
Quebec	4,308.1	450.1	10.4%
Ontario	7,376.9	787.5	10.7%
Manitoba	655.4	70.1	10.7%
Saskatchewan	570.9	59.3	10.4%
Alberta	2,279.3	241.4	10.6%
British Columbia	2,666.4	348.1	13.1%

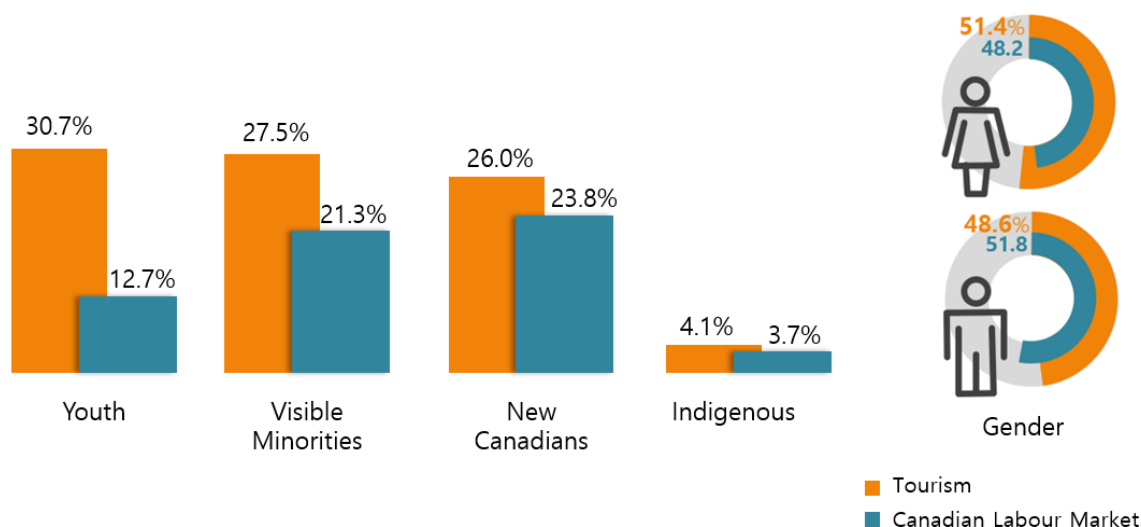
Demographics of the Tourism Industry – Jobs in the tourism sector are filled by young workers, women, new immigrants, and visible minorities to a greater degree than jobs in the overall labour force. The 2016 census showed that people aged 15 to 24 held 30.7% of employed positions in tourism jobs, compared to only 12.7% of all employment across the entire economy. Women made up 51.4% of employed tourism workers. Visible minorities held 27.5% of employment in the tourism sector, compared to 21.3% across all industries. Indigenous workers also make up a higher share of employees in tourism than they do in the broader economy.³⁰

²⁸ Destination Canada, “Unlocking the Potential of Canada’s Visitor Economy”, December 2018.

²⁹ Statistics Canada, Labour Force Survey, customized tabulations

³⁰ Statistics Canada, 2016 Census, customized tabulations

Figure 7: Demographics of Tourism Employment in Canada, 2016³¹



The share of tourism jobs held by youth workers in the tourism sector has been declining. Data from the Canadian Tourism Human Resource Module—which measures full-year jobs rather than employment—shows that the share of full-year employee jobs held by those aged 15-24 fell from 38.5% in 2007 to 34.1% in 2019. The decline was caused by an absolute drop in the number of young people, due to the smaller demographic group Gen Z replacing ageing millennials. During that same period, immigrants' share of full-year employee jobs rose from 22.7% to 27.6%.³²

Perceptions of work in the sector – Before the pandemic, there was some evidence that many Canadians held unfavourable perceptions of jobs in the tourism industry. Surveys showed that Canadians had concerns over long and highly variable hours, uncertainty surrounding career progression, and the image of tourism as a "low-skilled" industry. They tended to view tourism as a summer job for youth, rather than a career. Leading up to COVID, there had been renewed interest and industry effort to better communicate the industry's image as a place to work³³. However, it is difficult to quantify if action to positively promote the sector was successfully filtering down to the labour market.

³¹ Statistics Canada, 2016 Census, customized tabulations

³² Statistics Canada, Tourism Human Resource Module

³³ Tourism HR Canada "[Bottom Line: Perceptions of Tourism Employment](#)", 2017.

Immigration – New immigrants to Canada – whether temporary foreign workers, working holidaymakers, students, refugees, or permanent residents – are highly beneficial to the tourism industry. They address seasonal labour shortages and provide a direct, long-term economic impact. The proportion of jobs held by immigrant workers in the tourism sector had been steadily rising in Canada. Between 2017 and 2018, net immigration accounted for 80% of Canada’s population increase. Canada’s current and future prosperity depends on recruiting immigrants.³⁴ By the early 2030s, Canada’s population growth will rely exclusively on immigration. By 2035, 5 million Canadians are set to retire, reducing Canada’s worker-to-retiree ratio down from 4:1 to 2:1, meaning there will be only two workers for every retiree. Increased immigration is set to help fill this future worker shortage.³⁵ However, a significant problem lies in business owners’ perceptions of foreign workers and their willingness to hire. For example, 2018 survey data from BDC shows that only 21% of tourism companies actively recruit immigrants to offset the impact of a labour shortage.³⁶ The report notes that this is a ‘missed opportunity’ considering the importance immigrants will have on future population growth. Figure 8 shows the occupations with the highest proportion of immigrant workers in 2016.

Figure 8: Top 10 tourism occupations with the highest proportion of immigrant workers, 2016 ³⁷

Occupation	% Immigrant
Taxi and limousine drivers and chauffeurs	63%
Chefs	48%
Restaurant and food service managers	37%
Light duty cleaners	36%
Casino occupations	36%
Airline ticket and service agents	35%
Travel counselors	34%
Bakers	34%

³⁴ Immigration, Refugees and Citizenship Canada, [2020 Annual Report to Parliament on Immigration](#), 2019

³⁵ Immigration, Refugees and Citizenship Canada, [#ImmigrationMatters: Canada’s immigration track record](#), 2020

³⁶ Business Development Bank of Canada, [Canada’s tourism sector: Strategies to build more competitive businesses](#), 2018

³⁷ Statistics Canada, 2016 Census, customized tabulations

Occupation	% Immigrant
Cooks	29%
Accounting and related clerks	29%

Canada's immigration system is highly advanced, yet some challenges remain, impacting immigrants' potential pathways from short to longer-term immigration within the Canadian tourism industry. Immigrants can come to Canada as permanent residents, in which case they live, work or study anywhere in Canada. Immigrants may also come to Canada on a temporary basis, in which case they may have more restrictions on their ability to work—depending on the program they entered Canada through. Historically, temporary immigration has been a sensitive issue politically. As such, some programs that bring immigrants to work in Canada on a temporary basis require a Labour Market Impact Assessment (LMIA) for each candidate before entry³⁸. The two main programs under which temporary workers can come to Canada are the international mobility program (that does not require an LMIA) and the Temporary Foreign Worker Program (TFWP) and the Seasonal Agricultural Worker Program (SAWP), both of which require an LMIA.

Permanent Residents

Permanent residents are an important tourism labour source as they represent workers seeking long-term employment within Canada. Research from the Organization for Economic Co-operation and Development (OECD) shows that Canada has the largest managed permanent labour migration program in the OECD. Only Australia and New Zealand report larger inflows relative to their population. Canada's migration system is also one of the most elaborate skilled labour migration systems across the OECD. More than one in five people in Canada are foreign-born, and 60% of Canada's foreign-born population are highly educated.³⁹

In Canada, occupations are classified using National Occupational Classification (NOC) codes for occupations. These occupational codes are, in turn, ranked based on the skill level required for the domain. Occupations are grouped into management level occupations and four skill levels (A,

³⁸ A LMIA is a document that an employer in Canada may need to get before hiring a foreign worker. A positive LMIA will show that there is a need for a foreign worker to fill the job. It will also show that no Canadian citizen or permanent resident is available to do the job. A positive LMIA is sometimes called a confirmation letter.

³⁹ OECD, [“Recruiting Immigrant Workers: Canada”](#), 2019

B, C, D), with A being the highest skill level in the NOC matrix⁴⁰. Most permanent residents who come to Canada as economic migrants are in “A” level occupations. Research by the Canadian Federation of Independent Businesses shows that small and medium-sized enterprises have the greatest number of labour shortages in occupations at skill level B or below.⁴¹ This gap between the skill level of economic migrants and occupations facing labour shortages shows a misalignment between Canada’s federal immigration programs and the needs of the labour market.

Temporary Residents

International Experience Canada (IEC) – A subset of the International Mobility program, working holidaymakers are often tourists themselves and spend more than they earn. Within Australia, a study estimated that for every 100 working holiday makers that Australia employed, they stimulated the economy, creating an additional five full-time positions within the industry⁴². Favourable policies that support foreign workers can thereby help strengthen the supply of tourism workers. These policies could include raising the maximum age to obtain work permits, lower tax rates for participants, reducing application fees, and more.⁴³ IEC participants are an important source of workers, particularly for specific industries such as ski hills and certain geographic regions such as the Mountain Parks. A 2018 study in Banff found that there were over 1,500 IEC participants employed among the businesses surveyed.⁴⁴ A considerable number in a town with just over 7,800 permanent residents.⁴⁵

One benefit to the IEC program is that it allows temporary workers to work in multiple jobs across Canada without needing employment before entry. This open-styled work permit is beneficial to workers as it reduces barriers to entry and reduces costs for tourism operators related to hiring and LMIA applications. This open work model appears to be effective, with new data showing that a majority (60%) of IEC participants who came to Canada between 2004 and

⁴⁰ As of 2021, the NOC classification is changing to a six level TEER (Training, Education, Experience and Responsibilities) system consisting of TEER 0 (Management) and five skill levels.

⁴¹ Workers without borders, Canadian Federation of Independent Business, February 2020

⁴² Tan, Y. & Lester, L. H. “Labour market and economic impacts of international working holiday temporary migrants to Australia.” *Population, Space and Place*, Volume 18, Issue 3, pp 359-383, 2012.

⁴³ Tourism HR Canada, “Seasonality and Labour Challenges in Rural Cape Breton: Meeting the Needs of the Tourism industry”, 2018

⁴⁴ 2018 Banff and Lake Louise Total Compensation Study,

⁴⁵ Statistics Canada, 2016 Census of Population

2015 were employed. Furthermore, their average employment earnings potential has steadily increased from \$5,200 in 2004 to \$15,300 in 2015, meaning they contribute to the local economy (see figure below). IEC visa holders tend to be employed in lower-skilled or entry positions or choose part-time or part-year work, resulting in lower annual earnings. The report found that when survey participants were working, the most commonly reported sectors were accommodation and food services (30%), professional, scientific, and technical services (12%), and retail trade (8%). It is important to note that those here on working holiday visas tend to cluster in specific provinces where tourism employment is more readily available.⁴⁶ Overall, working holiday visas form an essential labour source for the Canadian tourism industry. Visa holders gain valuable Canadian work experience, which some use to help meet Permanent Residency requirements, leading to long-term, skilled employment opportunities.⁴⁷

Figure 9: Incidence and Average Employment Earnings of IEC Youth Participants, 2004 to 2015⁴⁸



The Temporary Foreign Worker Program – Temporary foreign workers have been an important supplement to Canada's workforce shortages, both for skilled and unskilled labour. Statistics Canada data from 2018 suggests that nearly half (46%) of new economic immigrants were former

⁴⁶ Immigration, Refugee and Citizenship Canada, December 21st, 2020.

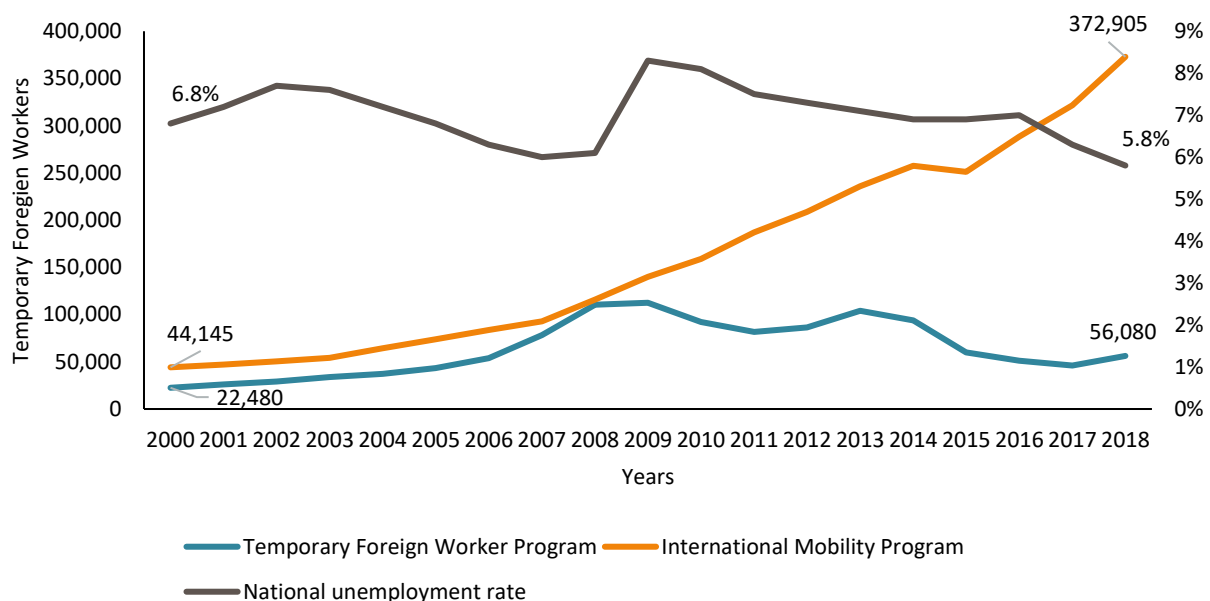
⁴⁷ Research and Evaluation Branch Immigration, Refugees and Citizenship Canada, *"Evaluation of the International Experience Canada Program"*, 2019

⁴⁸ Canadian Employer-Employee Dynamics Database (CEEDD), 2015

temporary foreign workers, increasing from 8% in 2000.⁴⁹ Research conducted by Tourism HR Canada shows a desire on the part of tourism operators for a temporary foreign worker program that meets the needs of the tourism industry. A survey conducted in 2018 found that 70% of responding businesses would use the program to recruit housekeepers, and 56% would use it to recruit cooks.⁵⁰

Figure 10 showcases Canada's increased reliance on foreign workers over the past two decades through these two programs. It is important to note that foreign worker programs, particularly the TFWP, have faced criticism because it restricts workers to a single location of a single employer. The tie to a single employer creates a power imbalance that could be taken advantage of, particularly against workers within certain low-skilled tourism occupations. Reforms to the TFWP, introduced in 2014, led to a subsequent drop-off in applications.⁵¹

Figure 10: Number of Work Permit Holders⁵²



This drop-off was particularly noticeable in sectors like arts, entertainment and recreation, and

⁴⁹ Statistics Canada, "[Study: Increasing selection of immigrants from among temporary foreign workers in Canada](#)", 2020

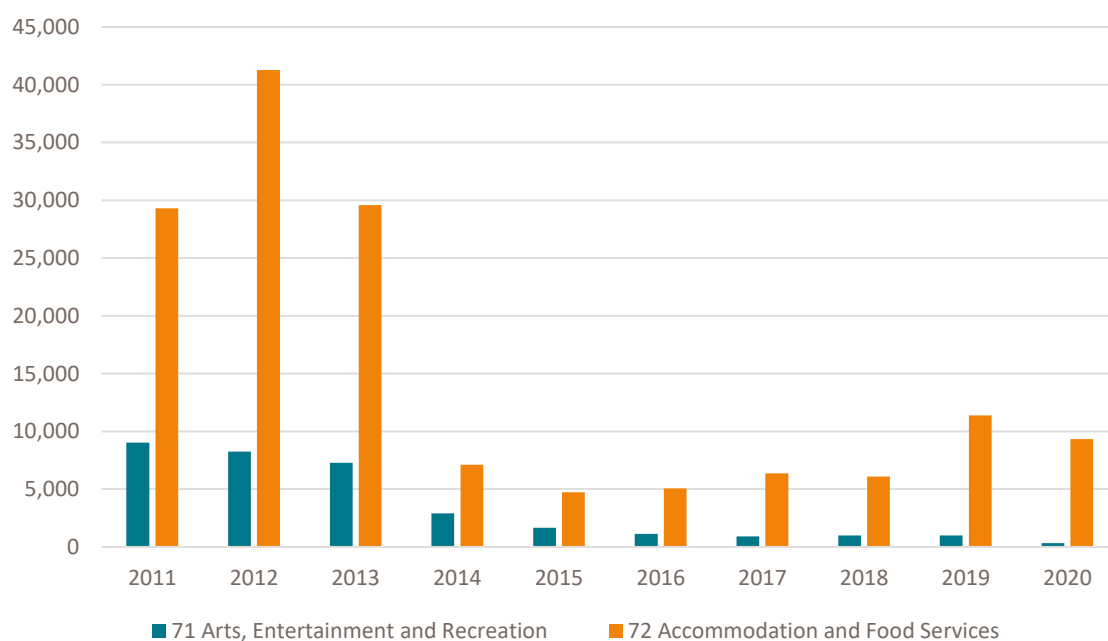
⁵⁰ The Temporary Foreign Worker Program: Meeting the Needs of the Tourism Sector, Tourism HR Canada, 2018

⁵¹ Statistics Canada, "Two-step Immigration Selection: An Analysis of its Expansion in Canada", 2020

⁵² Immigration, Refugees and Citizenship Canada: Temporary Residents Monthly Update, Statistics Canada, Table 14-10-0327-01.

accommodation and food services. In the last decade, the use of the TFW program by businesses in those two sectors peaked in 2012, before falling 72.8% between 2013 and 2014. The decrease was primarily due to restrictions on the ability of companies to bring TFWs to Canada under the low-wage stream of the program, especially if those workers were to fill certain occupations in regions with unemployment rates higher than 6.0%.⁵³ The use of the program has been increasing slightly since 2016. However, tourism businesses generally find the program challenging, and in many cases, the drawbacks of using the current TFW program outweigh the benefits.

Figure 11: Number of TFW Positions on a Positive LMIA by Sector and Year⁵⁴



International Students – Attracting international students has been an ongoing priority to fill labour shortages in the Canadian tourism industry. Students are often looking for seasonal, part-time, flexible work while completing their studies, and can enter long-term skilled positions (e.g., accommodation service managers, etc.) upon graduation. In 2019, the Federal Government's new International Education Strategy recognized international education as an essential pillar of

⁵³ The Temporary Foreign Worker Program: Meeting the Needs of the Tourism Sector, Tourism HR Canada, 2018

⁵⁴ Number of temporary foreign worker (TFW) positions on positive Labour Market Impact Assessments (LMIAs) by North American Industry Classification System - 2002 (NAICS) and province/territory, Immigration Refugee and Citizenship Canada

Canada's long-term competitiveness.⁵⁵ The report found that in 2018 more than 721,000 international students were studying in Canada, contributing an estimated \$21.6 billion in GDP to Canada and that this number is growing. For example, between 2014 and 2018, the number of international students in Canada increased by 68%, and in 2018 nearly 54,000 former students became permanent residents. A 2013 study found that up to 22% of Post-Graduation Work Permit Holders were employed in the accommodation and food services sector.⁵⁶

However, there is a need to better connect the tourism industry with international students. For example, current visa restrictions mean international students can only work up to 20 hours a week during study periods and full-time during school breaks. Furthermore, key sources of dissatisfaction among international students are lack of access to jobs or internships, affordability related to cost of living and tuition, the availability of scholarships, and their integration into a new university and an unfamiliar society. More support programs are needed that are tailored to international students' needs and increase employment opportunities within the tourism sector.⁵⁷

Demand (for workers)

Overview

Within the Canadian tourism industry, there were over 238,420 tourism business locations recorded in 2019.⁵⁸ Among these businesses, 106,125 reported having employees. Most tourism businesses with employees are within the food and beverage services industry group. The size of businesses in the tourism sector also varied by industry group, with a relatively larger proportion of small businesses (1-20 employees) in the travel services industry group and a relatively larger proportion of medium (20-99 employees) businesses within food and beverages services.

⁵⁵ Government of Canada, *"Building on Success: International Education Strategy 2019-2024"*, 2019.

⁵⁶ Government of Canada, *"International Students Opportunities and Barriers"*, Prepared for Tourism Hr Canada November 2018.

⁵⁷ Canadian Journal of Higher Education, [International Students Attending Canadian Universities: Their Experiences with Housing, Finances, and Other Issues](#), 2016

⁵⁸ Statistics Canada, ["Business Register December 2019"](#), 2019

Figure 12: Businesses with employees by industry group in Canada, 2019 ⁵⁹

All Sizes			1-20 employees	20 - 99 Employees	100 plus employees
Industry Group	Total	Total %	Industry %	Industry %	Industry %
Tourism	106,125	100%	72.1%	25.6%	2.3%
Accommodation	10,388	9.8%	71.6%	24.3%	4.2%
Food and Beverage Services	69,241	65.2%	68.7%	30.0%	1.4%
Recreation and Entertainment	14,774	13.9%	78.1%	17.9%	4.0%
Transportation	7,720	7.3%	79.8%	15.3%	4.9%
Travel Services	4,002	3.8%	90.6%	8.2%	1.2%

Pre-COVID Labour Supply and Demand Projections – In 2019, Tourism HR Canada, in collaboration with the Conference Board of Canada, released a report making future projections of employment in the Canadian tourism sector.⁶⁰ The projections used a detailed tourism labour supply and demand model of the Canadian tourism labour force. The outlook included demand from all sources, domestic and international tourism, and locals. The findings predicted that with current trends, approximately 4% of tourism jobs that could be supported by demand would go unfilled between 2015 and 2035. These shortages would leave over 93,000 jobs unfilled and approximately \$10.1 billion in potential revenue left unrealized. The driving force behind this predicted labour shortage was the increasing demand for tourism goods and services, combined with the large cohort of retiring baby boomers in Canada and a shrinking population of young adults to replace them. In short, the demand for tourism would cause demand for workers to grow faster than Canada's labour force could supply them.

While the projected shortage presented a negative outlook, the number of jobs going unfilled has decreased from past projections due to an increase in the intake of permanent residents. The

⁵⁹ Source: Statistics Canada, Business Register 2019

⁶⁰ Tourism HR Canada & The Conference Board of Canada, "The Future of Canada's Tourism Sector", 2019

authors noted that this improvement in outlook occurred due to policy changes that increased immigration rates starting in 2017. A larger yearly intake of permanent residents increased the size of Canada's future labour force. A separate projection was made that removed the effect of increased immigration. It showed that higher immigration rates had reduced the number of tourism jobs going unfilled by 44,400. This further emphasizes the importance of immigration to the future tourism labour force. The report concluded that despite increased immigration, with 93,000 jobs still expected to go unfilled, more effort was needed to ensure the industry's demand for labour was met with adequate supply.

Altogether, the report highlights the pre-COVID labour trends in the tourism industry, with an ageing workforce driving potential labour shortages in the industry. It also highlighted the importance and industry focus on increased immigration prior to the pandemic. Also highlighted was the need for increased labour force participation by women as women and newcomers were expected to be the only drivers of labour force increases prior to the pandemic. Increased adoption of technology and automation was also expected to be a possible means by which tourism labour shortages could be mitigated.

Wages, Hours, and Benefits – Average annual earnings, hourly wages and weekly hours worked by tourism employees in Canada in 2019 are shown in Figure 13 and 14. Tourism employees worked shorter work weeks than the average for all industries. Further, this gap has grown over the past twenty years.⁶¹ Overall, the tourism industry has been shifting towards part-time work faster than the rest of the economy. Labour force survey data shows that the share of employed workers in part-time jobs has stayed relatively stable. In 1997 19.1% of employed workers were in part-time jobs, while in 2019, 18.9% were. Data from the Tourism Human Resource Module shows that the share of part-time jobs in the tourism sector rose from 38.3% to 42.8% during that same period.

Perceptions of low wages in the industry and a lack of career development opportunities are major contributing factors to the negative perception of work in the tourism industry. However, the relatively lower wages in tourism are primarily attributable to the sector having a relatively large proportion of its' jobs in lower-paying industries such as food and beverage services and recreation and entertainment.⁶¹ The transportation and travel services industry groups offer annual salaries at or above the average for the Canadian economy. Wages also vary between the

⁶¹ Statistics Canada, "[Tourism Human Resource Module](#)", 2019.

provinces and territories, with the highest average hourly compensation in the Northwest Territories (\$40.63), Nunavut (\$32.77) and Yukon (\$31.12) and the lowest in Prince Edward Island (\$17.08), New Brunswick (\$18.51) and Nova Scotia (\$20.54)⁶¹.

Figure 13: Hours and wages of tourism employees in Canada, 2019 ⁶²

Variable	Tourism Industry	All Industries
Average weekly hours worked	28.1	32.5
Average annual wages and salaries (\$)	33,189	49,000
Average hourly wage (\$)	22.74	36.35

Figure 14: Hours and wages of tourism employees in Canada by tourism industry group, 2019 ⁶³

Variable	Average weekly hours worked	Average annual wages and salaries (\$)	Average hourly wage
Accommodation	30.8	38,585	24.02
Food and Beverage Services	26.5	25,947	18.83
Recreation and Entertainment	28.1	32,938	22.55
Transportation	34.3	62,853	35.28
Travel Services	33	49,001	28.55

Wages also vary between the provinces and territories, with the highest average hourly compensation in the Northwest Territories (\$40.63), Nunavut (\$32.77) and Yukon (\$31.12) and the lowest in Prince Edward Island (\$17.08), New Brunswick (\$18.51) and Nova Scotia (\$20.54)⁶¹.

While hourly wages and annual salaries can vary widely depending on the specific business, the 2019 Canadian Tourism Sector Compensation Study showed that people working in the tourism

⁶² Statistics Canada, "[Tourism Human Resource Module](#)", 2019.

⁶³ Statistics Canada, "[Tourism Human Resource Module](#)", 2019.

industry often make the minimum wage in their provinces.⁶⁴ There is continuing debate about raising minimum wages in Canada. However, there are risks associated with raising the minimum wage since many businesses in the tourism industry have narrow profit margins (see Figure 15).

Figure 15: Select Revenues/Expenses and Financial Ratios as a Percent of Total Revenue ⁶⁵

Select tourism related sectors and industries with revenue 30,000 to 5,000,000 (all businesses)				
	Net profit/loss	Operating Expenses (Labour and Commissions)	Cost of Sales (Wages and Benefits)	Gross Margin
Arts, Entertainment and Recreation	15.0	21.1	3.5	81.0
Travel arrangement and reservation services	5.4	12.9	1.0	34.0
Air Transportation	-2.0	14.5	3.5	75.2
Accommodation and Food Services	3.8	22.9	8.0	58.9
<i>Accommodation</i>	8.3	21.8	5.1	81.2
<i>Food services and drinking places</i>	3.1	23.0	8.5	55.4

The 2019 Canadian Tourism Compensation Study looked at the implications of recent minimum wage increases in select provinces across Canada. The survey found that Canadian employers want to be competitive in their compensation strategies, but a significant percentage of businesses reported having difficulty absorbing minimum wage increases. A key research finding is that minimum wage increases affect all minimum wage jobs along the supply chain. For example, food suppliers need to raise their employee wages, increase the cost of the goods they sell to restaurants. The cost increases associated with minimum wage increases immediately place upwards pressure on goods and services sold across the entire industry. Businesses also feel the need to raise the wages of employees (e.g., managers) who already earn more than the new minimum wage to maintain earnings parity for existing staff⁶⁶. Another study of the effect of

⁶⁴ 2019 Tourism Sector Compensation Study, Tourism HR Canada

⁶⁵ Statistics Canada, Small business profile, 2019 <https://www.ic.gc.ca/app/sme-pme/bnchmrkngtl/rprt-flw.pub?execution=e1s1>

⁶⁶ Tourism HR Canada, "2019 Canadian Tourism Sector Compensation Study", 2019

minimum wage increases on Ontario restaurants found that 62.6% of restaurants' primary response to wage increases was to raise prices, and 25.5% indicated reducing labour as a result.⁶⁷ These reactions indicate the inherent risk associated with any broad wage increases; by increasing employees' wages, businesses react by raising prices which lowers the amount of tourism services purchased in the economy overall.⁶⁸ Therefore, while improvements to current salaries across the industry would help attract workers, the implications need to be carefully considered. There are adverse impacts on businesses' bottom lines, which can reduce employment levels in the industry.^{68,69,70} It also needs to be recognized that businesses that have been negatively impacted by COVID will have limited capacity to increase wages. Businesses have lost revenue and taken on debt to survive. Over half of tourism businesses responding to a Tourism HR Canada survey said they had taken on debt to sustain their business. Of those respondents, 61.2% said they were concerned that the debt would hamper their ability to recover post-pandemic.⁷¹ An earlier survey conducted during the second wave of the virus found that 43.1% of businesses were not receiving the financial support they require to stay viable. Another 28.6% said they would be at risk of permanent closure under current business conditions in less than six months.

Productivity and Profitability of Businesses – Another factor in tourism businesses' ability to make a profit and hire workers is their overall level of productivity and profitability. In a pre-COVID article in the Journal of Travel Research, authors Joppe & Li explored the concept of productivity in the tourism sector⁷². The article suggested that tourism showed lower productivity compared to the rest of the broader economy in Canada. This finding was different for many developing nations, where tourism was often one of the most productive sectors. Joppe & Li identify productivity in the sector as the quantity and quality of services provided as a ratio of the quantity and quality of inputs (the amount and experience/education/skill of workers employed).

⁶⁷ Archan Consulting, *Managing the Shift: Adapting to the Impact of Bill 148 on Ontario's Restaurant Sector*.

⁶⁸ Tourism HR Canada & The Conference Board of Canada, *"The Future of Canada's Tourism Sector"*, 2019

⁶⁹ Tourism HR Canada, *"Managing the Shift: Adapting to the Impact of Bill 148 on Ontario's Restaurant Sector"*, 2019

⁷⁰ Canadian Centre for Economic Analysis, *"Bill-148: Fair Workplaces, Better Jobs Act, 2017 – Assessment of the Risks and Rewards to the Ontario Economy"*, September 2017, p 12.

⁷¹ Tourism HR Canada, COVID-19 Workforce and Business Conditions Survey, Wave 2

⁷² Joppe, Marion, and Xiaofeng Penny Li. *"Productivity Measurement in Tourism: The Need for Better Tools."* Journal of Travel Research 55, no. 2 (February 2016): 139–49.

The article notes that Human Resources play a key role in the productivity of tourism businesses. For example, they demonstrate that younger workers, women, and immigrants tend to have higher productivity relative to their compensation level than older, male, non-immigrant workers largely due to wage inequities in the workforce. Another aspect of productivity is training and skills among workers. Before the COVID pandemic, there was growing concern that Canada needed to invest more in employee training, with Canada scoring moderately compared to other OECD countries on training hours per year. Canadian businesses also invested less per worker on training compared to their US counterparts⁷³.

3.2.2 Impacts of COVID-19 on the Canadian Tourism industry

Overarching

The devastating impacts of the COVID-19 pandemic on the Canadian tourism industry have been well-documented, particularly due to the extensive monitoring activities of Tourism HR Canada and its partners. The pandemic effectively shut down international travel to Canada. International arrivals were down roughly 97% in February 2021 compared to February 2020,⁷⁴ with little indication of any change to be expected until border restrictions are lifted.⁷⁵ Revenues for major Canadian airlines in December 2020 remained at 19% of their value in December 2019⁷⁶, with approximately 90% attributable only to domestic flights.⁷⁷

The disappearance of tourists, combined with public health orders led to sharp declines in sales at food service and drinking places, which fell from \$5.7 billion in February 2020 to \$2.4 billion in the month of April. By August, sales rebounded to \$5.5 billion. But sales remained well below

⁷³ Advisory Council on Economic Growth, *“Learning Nation: Equipping Canada’s Workforces with Skills for the Future”*, 2017

⁷⁴ Statistics Canada <https://www150.statcan.gc.ca/n1/daily-quotidien/210311/dq210311d-eng.htm>

⁷⁵ Tourism HR Canada (Summer 2020) “COVID-19 Tourism Workforce Impact Report”. <https://tourismhr.ca/devastating-impact-covid-19-tourism-workforce-impact-survey-results-released/>

⁷⁶ Statistics Canada (2020) Operating and financial statistics of major Canadian airlines. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2310007901>

⁷⁷ Statistics Canada (2021) Domestic and international itinerant aircraft movements. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2310028701>

levels seen the previous year when sales for the month of August reached \$7.1 billion. Following the summer, sales fell once more and totalled only \$3.8 billion in February 2021.⁷⁸

The disappearance of travellers led to a rapid decrease in hotel occupancy rates. Canadian hotel occupancy rates that were at 56.9% the week of March 7th fell to 12.0% by the week ending April 11th. Over the summer, occupancy rates recovered somewhat, reaching 42.9% the week of August 22nd. However, these rates were 46.4% below the rate for the same week in 2019. As of the first week of May 2021, occupancy rates remained depressed at only 28.4% across Canada. Occupancy rates tended to be weaker in urban areas, and at resorts and luxury or upscale establishments.⁷⁹

Beyond this significant decrease in demand, various rolling lockdowns, limits on social gatherings, and restrictions on in-person services made it highly difficult for businesses in the tourism industry to predict revenue and staffing needs. While the industry rebounded to a certain extent over the summer, only a fraction of businesses operated at full capacity. Most businesses primarily re-hired staff instead of hiring new employees⁸⁰, which limited the availability of summer positions for students. The pandemic's third wave has once again shut down businesses across many Canadian provinces, with similarly detrimental effects on revenues and employment. The lack of income may have caused some businesses to close their doors permanently.

While the revenue and employment impacts of the pandemic on the industry to date have been undoubtedly drastic, this report aims primarily to map out the industry's future post-COVID. To this aim, this section will mostly explore the substantial changes to the dynamics within the tourism labour market that will help to inform recommendations for moving forward. For example, the pandemic has acted as a catalyst for changes in visitor and worker preferences, business practices, and technology adoption. Some of these changes during the pandemic can be expected to carry forward into the future, while it is anticipated that others may disappear with the industry's eventual re-opening.

⁷⁸ Statistics Canada. Table 21-10-0019-01 Monthly survey of food services and drinking places (x 1,000)

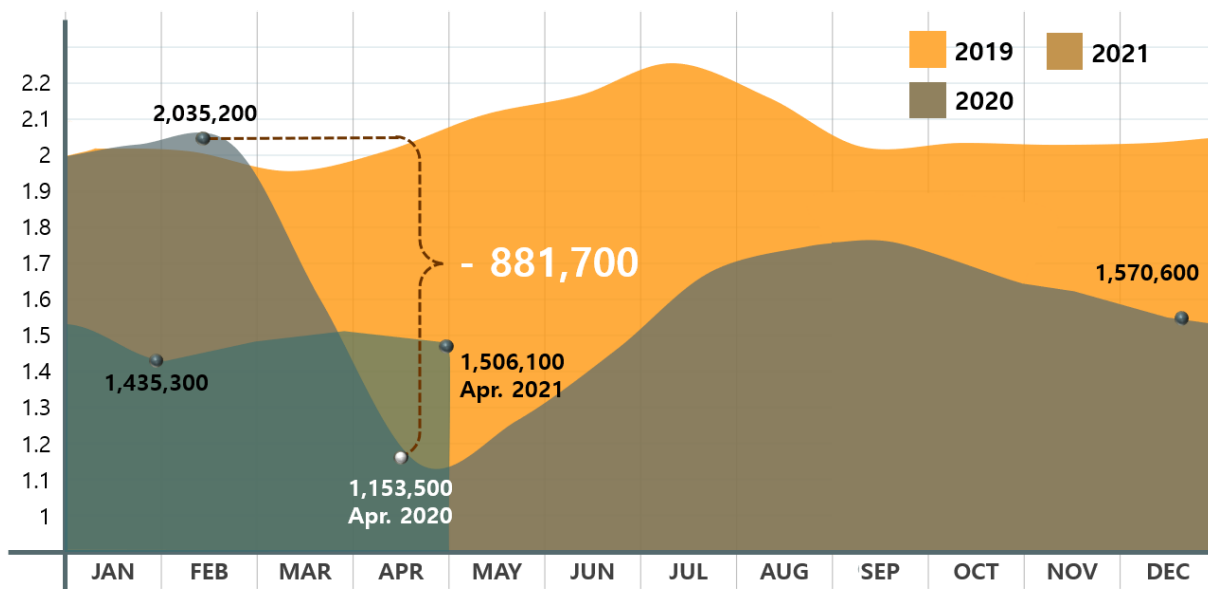
⁷⁹ STR, Canadian Weekly Hotel Review, May 02, 2021 – May 08, 2021

⁸⁰ Tourism HR Canada (Summer 2020) "COVID-19 Tourism Workforce Impact Report".

Employment and Hours

In the first two months of the pandemic, employment in tourism dropped by 43.1%. Employment levels started rising in May, but the tourism sector employed approximately 450,000 fewer workers than in 2019, depending on the month. Employment dropped once more following the summer. With tourism essentially non-existent since the summer of 2020, tourism employment levels have risen and fallen in response to public health orders. Outbreaks of COVID that resulted in provincial lockdowns caused tourism employment to drop anywhere from 15% to 23%.⁸¹ As restrictions related to the second wave lifted, employment began to rise in February and March. However, the emergence of a third wave quickly ended that recovery. Tourism employment dropped by 68,900 from March to April 2021. In average years, tourism employment starts to increase in April, with substantial increases in May and June in preparation for the summer season. This year, hiring staff is likely to be delayed until public health restrictions ease—possibly as late as June—which will leave businesses little time to prepare for summer.

Figure 16: Monthly tourism employment in 2020 and 2021 compared to 2019 ⁸²



⁸¹ Statistics Canada, Labour Force Survey, customized tabulations.

⁸² Statistics Canada, Tourism HR Canada Customized Labour Force Survey

As of April 2021, tourism employed 520,000 fewer workers than it had in February 2020, the last month before the pandemic reached Canada, an employment drop of over 25%. All industry groups within tourism have suffered significant losses of employment. Not only has employment dropped, the total number of hours worked in tourism has decreased to a greater degree. This decrease in hours suggests that employment numbers do not fully reflect the degree to which economic activity in tourism industries has fallen. Employment supports, such as the Canadian Emergency Wage Subsidy, are partially supporting what employment remains. A survey by Tourism HR Canada in early winter 2020 showed that 46.4% of responding tourism businesses had received the Canadian Emergency Wage Subsidy. These surveys also showed that three-quarters of businesses were holding onto core staff, even at a financial loss.⁸³

⁸³ Tourism HR Canada, COVID-19 Workforce and Business Conditions Survey, Wave 2

Figure 17: Change in Employment and Total Hours Worked February 2020 to April 2021 (seasonally unadjusted)⁸⁴

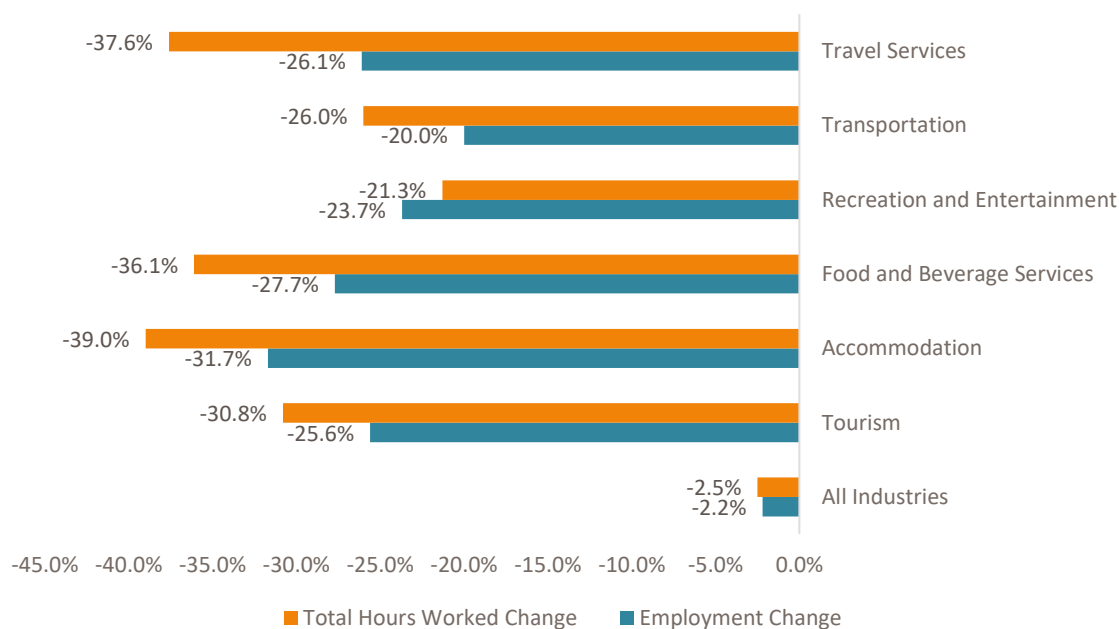


Figure 18: Percent of Usual Staffing/Revenue Levels (Winter 2021) ⁸⁵

	Staffing	Revenue
0%-24%	39.3%	48.0%
25%-49%	13.3%	15.9%
50%-74%	14.4%	15.3%
75%-100%	30.1%	12.8%

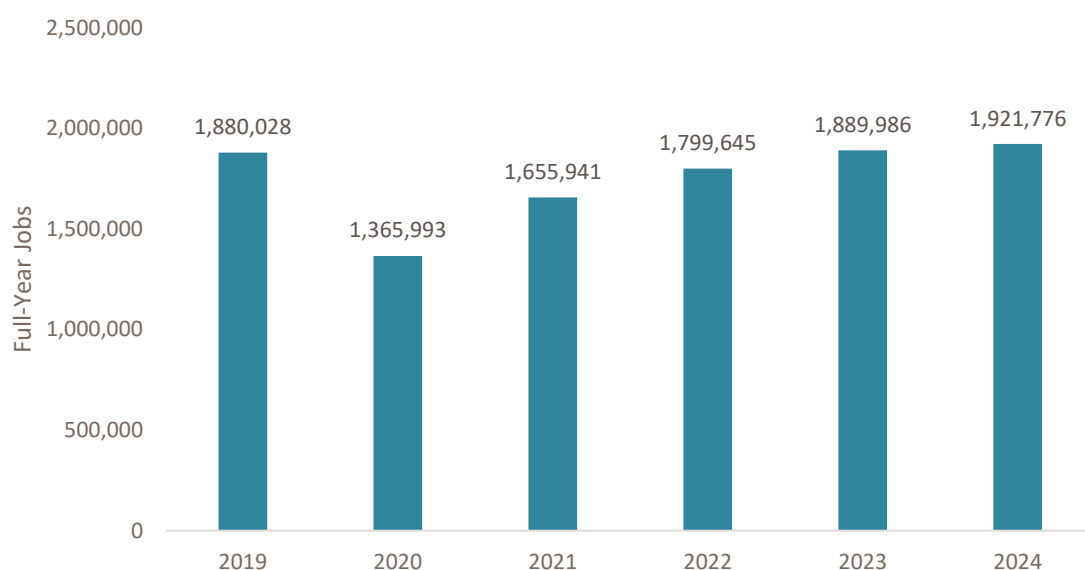
Since COVID-19 struck, long-term projections of labour supply and demand are no longer reliable, as both the demand outlook and the labour supply outlook have changed drastically. The labour market remains very volatile due to the ongoing pandemic, which makes projections difficult. However, the demand for tourism can reasonably be projected based on current economics and assumptions about how much travel will be allowed in the face of public health

⁸⁴ Statistics Canada, Labour Force Survey, customized tabulations

⁸⁵ Tourism HR Canada, COVID-19 Workforce and Business Conditions Survey, Wave 1

restrictions. The economic outlook is also much better than was expected at the start of the pandemic. In the fall of 2020, the Conference Board updated the jobs demand outlook, estimating that after falling to 1.36 million full-year jobs in 2020, the number of tourism jobs needed to meet demand would rebound to 1.65 million in 2021. The number of full-year jobs would return to pre-COVID levels in 2023.

Figure 19: Impact of COVID-19 on Tourism Sector Employment ⁸⁶



These estimates assumed a reopening of the border sometime in early 2021, which has not happened. Domestic travel remains at a standstill (as of May 2021). A border reopening before, or even during, the summer remains doubtful.⁸⁷ Domestic travel could resume in a significant way at the end of June or early July. With the border remaining shut, domestic travellers who cannot vacation outside of Canada could replace the summer demand that would have come from international tourists. A surge of demand from individuals who have not travelled for over a year could also increase demand. Should that occur, the job demand outlook remains reasonable for 2021. However, the longer restrictions on domestic travel remain in place, the less reasonable these estimates become.

⁸⁶ The Conference Board of Canada, Briefing: Covid-19 Impact on Tourism Sector Employment and Revenues, September 2020.

⁸⁷ CBC, When will the Canada-U.S. border reopen, <https://www.cbc.ca/news/canada/ottawa/when-canada-us-border-reopen-1.6007645>

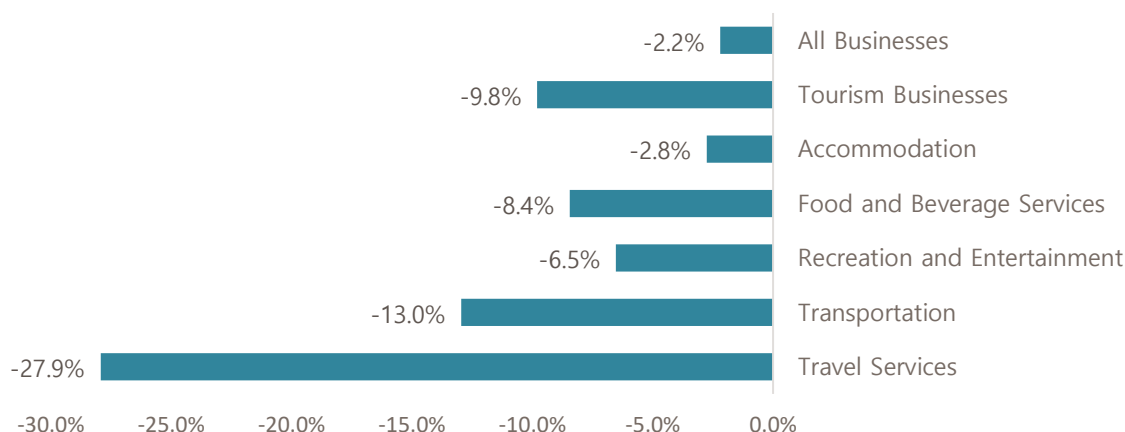
It is not possible to easily estimate the long-term labour supply in the tourism sector at this time. Long-term labour supply estimates are based on the historical supply of labour to the tourism sector from different demographic groups, and long-term population growth projections. COVID has introduced uncertainty into the underlying variables of labour supply due to the loss of employment from tourism to other industries, increased negative perceptions of working in the sector, and limitations on immigration to Canada that have slowed labour force growth. Until the labour market has stabilized, long-term projections of labour supply for the Canadian tourism sector would be volatile and largely unreliable.

Business Closures Due to COVID

Since the start of the pandemic, many businesses have closed. Some due to a lack of tourism demand. Others, because in addition to a lack of tourists, public health measures have restricted their ability to serve local customers. Statistics Canada tracks the number of businesses in Canada that open and close each month and those that remain active. Active businesses are defined as those that report having one or more employees in a given month. When the pandemic struck, many businesses closed, most temporarily, some permanently.⁸⁸ Using January 2020 as a baseline, the number of active businesses in Canada plunged, falling to 87.2% of the January baseline in May. Tourism businesses fared worse, with only 82.4% still open in May. Following the first wave of the pandemic, some businesses reopened, although not all. As of January 2021, there were 9.8% fewer active tourism businesses operating than there were one year earlier. The reduction in active businesses in the tourism sector ranged from -2.2% in the accommodation industry to -27.9% in the travel services industry.

⁸⁸ The data does not distinguish between a temporary and permanent closure.

Figure 20: Percent Reduction in Active Businesses January 2020 to February 2021 ⁸⁹



Impact on Gross Domestic Product

Economic activity in tourism-related industries⁹⁰, including all sources of demand, such as local residents, has dropped much further than economic activity across all sectors of the economy. Using January 2020 as a baseline, GDP across all industries has not fully recovered to pre-pandemic levels by February 2021. GDP stood at 98.1% of January 2020 levels. However, across all tourism-related industries, GDP was only 58.1% of pre-pandemic levels. Within the tourism sector, there are vast differences by industry. Rail and water transportation are above their pre-pandemic levels—likely due to non-passenger sources of revenue, while air transportation only generated 7.2% of pre-pandemic GDP. Among recreation industries, performing arts and spectator sports only operated at 40.5% of pre-pandemic levels of economic activity. Food services and drinking places was at 64.6% of pre-pandemic levels, and economic activity in the accommodation industry had been reduced by half.

⁸⁹ Statistics Canada. Table 33-10-0270-01 Experimental estimates for business openings and closures for Canada, provinces and territories, census metropolitan areas, seasonally adjusted

⁹⁰ GDP in tourism related industries differs from tourism GDP (economic activity derived from tourists in all industries). Tourism related industries include: Air transportation [481], Rail transportation [482], Water transportation [483], Urban transit systems [4851], Taxi and limousine service [4853], Other transit and ground passenger transportation and scenic and sightseeing transportation [48A], Motion picture and sound recording industries [512], Automotive equipment rental and leasing [5321], Travel arrangement and reservation services [5615], Performing arts, spectator sports and related industries, and heritage institutions [71A], Gambling industries [7132], Amusement and recreation industries [713A], Accommodation services [721], Food services and drinking places [722]

Figure 21: Monthly GDP All Industries and Total Tourism Related Industries ⁹¹

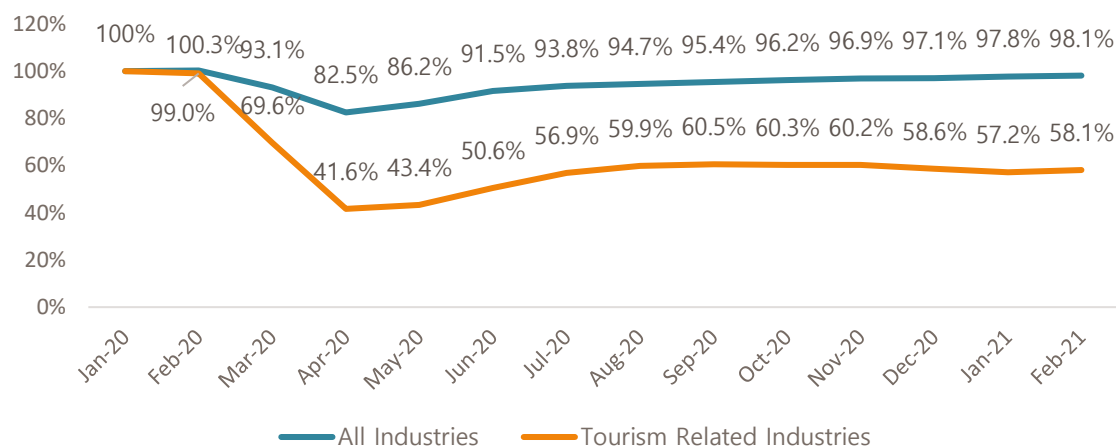
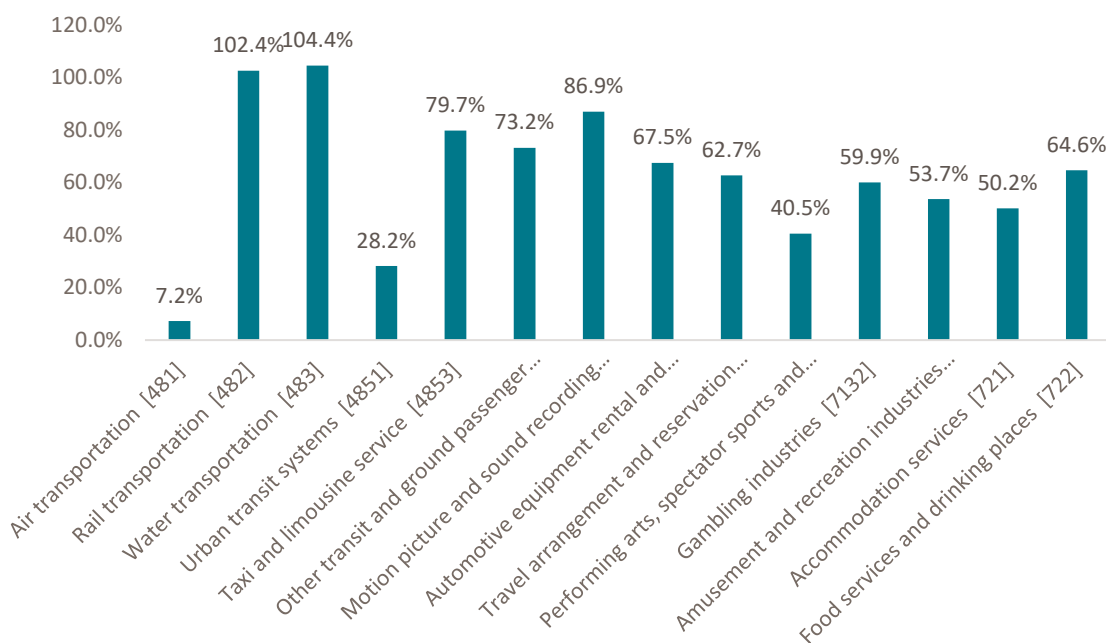


Figure 22: GDP in Tourism Related Industry February 2021 as a Percent of January 2020 ⁹²



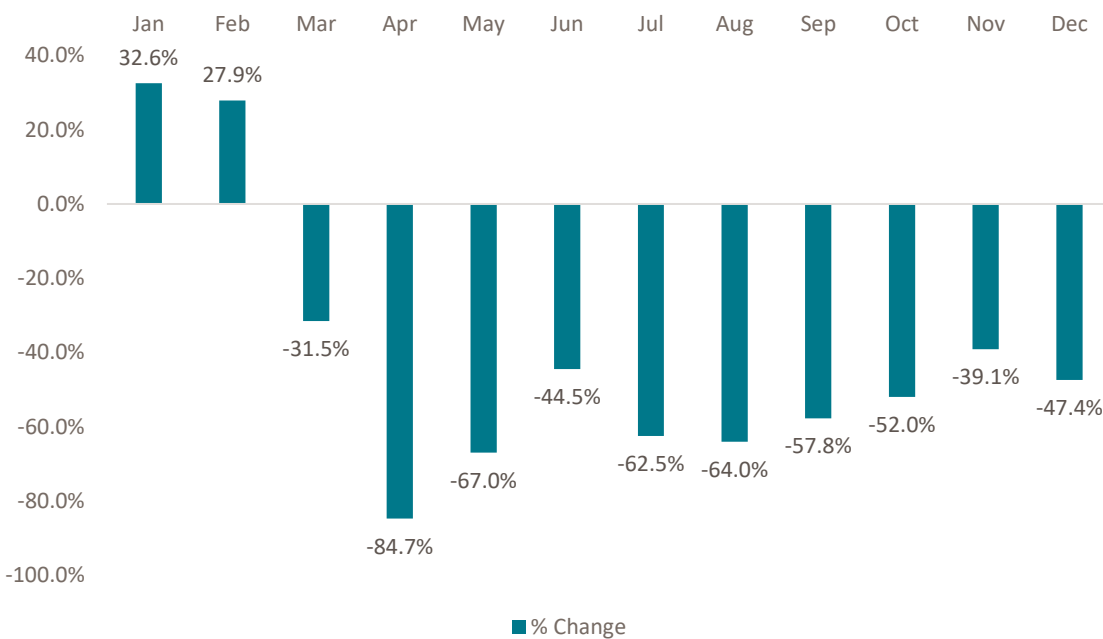
⁹¹ Statistics Canada. Table 36-10-0434-01 Gross domestic product (GDP) at basic prices, by industry, monthly (x 1,000,000)

⁹² Statistics Canada. Table 36-10-0434-01 Gross domestic product (GDP) at basic prices, by industry, monthly (x 1,000,000)

Immigration to Canada

As travel around the world ground to a halt, so did immigration to Canada. Not only did borders tighten, but physical distancing measures and lockdowns also impacted people's ability to apply for permanent residency or to complete their applications if they were already in progress. Starting in March 2020, monthly admissions of permanent residents fell drastically on a year-over-year basis.

Figure 23: Permanent Resident Admissions 2020, Year-Over-Year Basis⁹³



New health protocols and border complications also frustrated employers' access to offshore temporary foreign workers. Early in the pandemic, demand for participants in the Seasonal Agricultural Worker Program resulted in labour shortages. Some crops were not planted, maintained, or harvested, causing supply-chain problems and price fluctuations in the food industry, affecting retailers and foodservice. Despite this, the number of TFWs on approved LMIs in the primary agriculture stream increased slightly in 2020 compared to 2019. However, the number of TFWs on approved LMIs in all other streams of the program declined 10.9%. The

⁹³ IRCC, March 31, 2021, Canada - Admissions of Permanent Residents by Province/Territory and Census Metropolitan Area of Intended Destination (2020 ranking), January 2015 - March 2021

number of approved study permit holders in 2020 decreased by 36.0%, and the number of participants in the International Experience Canada program declined by 64.9%. These numbers reflect approvals for each program and do not reflect any further reductions due to difficulties individuals with approved permits may have had arriving in Canada during the pandemic.

Figure 24: Permanent Resident Admissions 2020, Year-Over-Year Basis⁹⁴

	2019	2020	Percent Change
International Experience Canada	32,055	11,265	-64.9%
Temporary Foreign Worker Program	57300	51080	-10.9%
Temporary Foreign Worker Program (Primary Agriculture)	72,158	72,232	0.1%
Study Permit Holders*	401,220	256,740	-36.0%

To balance the decline in permanent residents arriving in Canada in 2021, Immigration Refugee and Citizenship Canada (IRCC) introduced an immigration levels plan that will create spots for 401,000 permanent residents to come to Canada in 2021, rising to 421,000 individuals by 2023. IRCC based these targets on existing trends for permanent residency, plus additional spots to make up for the loss of permanent immigration in 2020. With restrictions on global movement still affecting the world in 2021, in April, IRCC announced a pathway to permanent residence for 90,000 temporary workers and international students who were already in Canada. Those who qualify would be granted permanent status. To qualify, temporary residents require one year of Canadian experience in a health care profession, other [pre-approved essential occupation](#), or completion of an eligible Canadian post-secondary program within the last four years. While highly beneficial for increasing the overall labour market in Canada, only a limited number of tourism-related occupations were among the essential occupations identified.⁹⁵

⁹⁴ Immigration, Refugee and Citizenship Canada, March 31, 2021

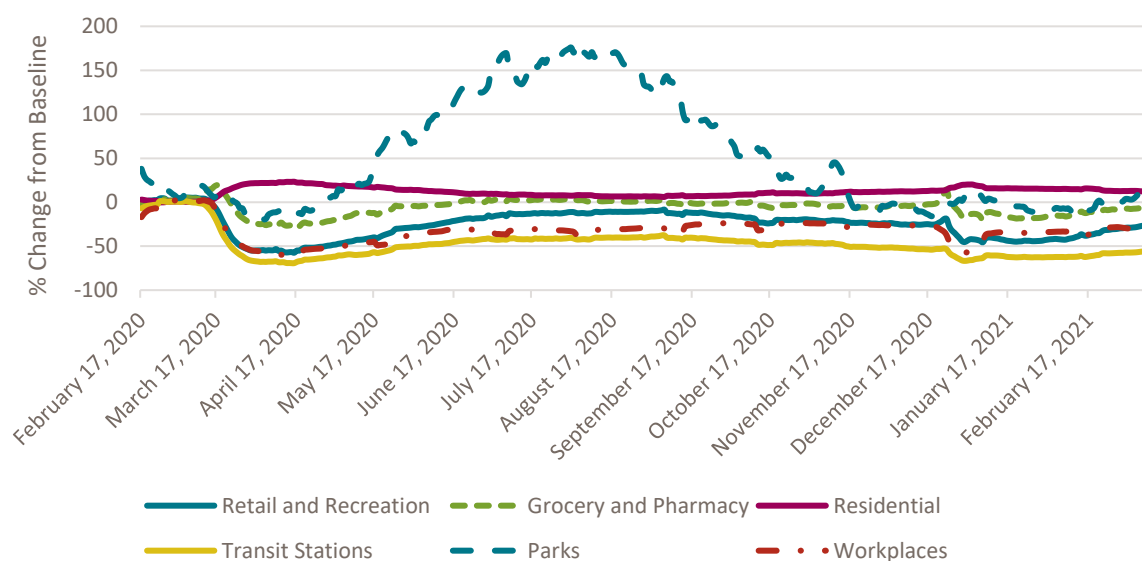
⁹⁵ [New pathway to permanent residency for over 90,000 essential temporary workers and international graduates.](#) [Immigration](#), Refugee and Citizenship Canada,

Travellers and Tourists

Due to ongoing border restrictions since the beginning of the pandemic, travellers have been almost entirely domestic. Residents, themselves restricted in terms of international and sometimes inter-provincial travel options, shifted their travel plans to destinations within their province, with a particular focus on outdoor-oriented activities.⁹⁶ Many individuals and families travelled to cottages, campsites, and other getaways within their own or neighbouring provinces, with campsites booked up at overwhelming rates across the country. Figure 25 uses the changes in locations among Google users across destinations in Canada to demonstrate an apparent surge in visits to parks (including local parks, national parks, public beaches, marinas, dog parks, plazas, and public gardens) over the summer of 2020. In terms of food and beverage services, patrons (and often regulations) increasingly demanded outdoor patio seating, socially distanced tables, and physical barriers between themselves, staff, and other customers. Provincial governments quickly enacted legislation that allows municipalities to approve temporary outdoor patio licences for businesses. Many municipalities amended zoning by-laws to reconfigured roadways and sidewalk space to accommodate increased pop-up patios. While this was helpful and hopefully remains in place for summer 2021, extended patios were less helpful during the winter months. During the 3rd wave, some provinces restricted patio dining due to concerns about increased transmission from new COVID variants.

⁹⁶ OECD (2020-12-16), “Mitigating the impact of COVID-19 on tourism and supporting recovery”, OECD Tourism Papers, 2020/03, OECD Publishing, Paris. <http://dx.doi.org/10.1787/47045bae-en>

Figure 25: Google mobility for various activities in Canada, 2020/2021 ⁹⁷⁹⁸



Tourism businesses in urban cores have suffered greatly due to a loss of tourists, public health restrictions, and changes in work patterns, such as working from home. Prominent attractions such as museums, zoos, and aquariums will still exist and attract tourists after the pandemic, but the number of restaurants available to serve tourists will likely decrease. Restaurants in urban cores receive significant demand from residents. Due to a shift in work-from-home policies, decreased local demand is likely to continue post-pandemic due to a permanent increase in the number of people working from home. This local demand is important, particularly in the tourism "off" season. Suburban and exurban neighbourhoods near large urban centres will have experienced an influx of local demand since the evidence shows that individuals have been migrating out of the urban cores into these areas at record high rates during the pandemic⁹⁹.

⁹⁷ Google LLC "Google COVID-19 Community Mobility Reports".

<https://www.google.com/covid19/mobility/> Accessed: Mar 19, 2021

⁹⁸ Ritchie, Hannah (2021) Google Mobility Trends: How has the pandemic changed the movement of people around the world? <https://ourworldindata.org/covid-mobility-trends>

⁹⁹ Statistics Canada, Canada's population estimates: Subprovincial areas, July 1, 2020
<https://www150.statcan.gc.ca/n1/daily-quotidien/210114/dq210114a-eng.htm?HPA=1>

Supply of Workers

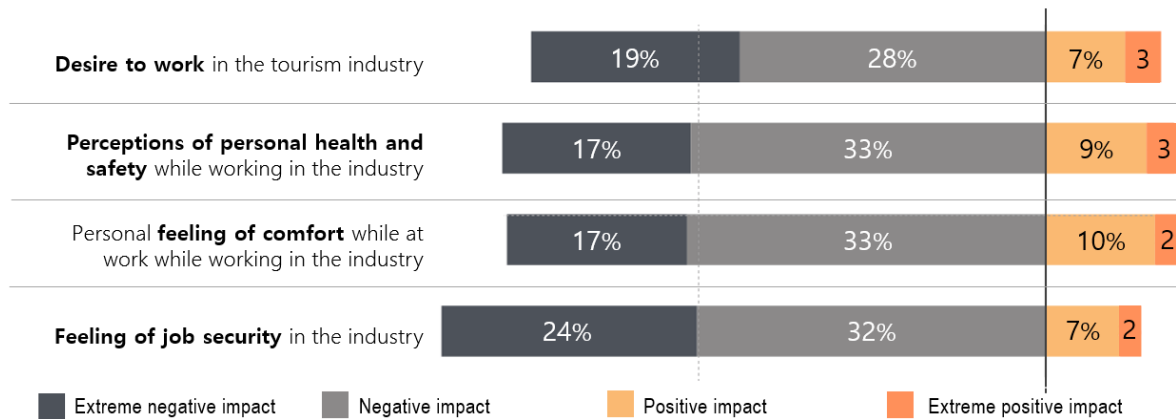
The pandemic and associated government restrictions and supports have substantially impacted workers and their labour-market decisions. Perceptions of the industry as a place of work amongst the general population and current and former tourism workers have deteriorated during the pandemic. A 2020 survey showed that working in the tourism industry during the pandemic has created stress and anxiety for workers. Seventy percent of survey respondents reported challenges related to anxiety or depression, 80% reported elevated levels of stress, and 39% of the target population indicated they were experiencing moderate to severe mental health challenges.¹⁰⁰ Direct impacts were associated with lockdowns, workplace restrictions, and health protocols, which prevented workers in certain industries from going to work. Another notable impact of the pandemic was a change in worker perceptions of the industry as a place to work. In a [Tourism HR Canada study](#), 39% of respondents in the general Canadian population reported that their perception of work in tourism was more negative in December than a year before, with 1 in 4 replying that they would not consider working in tourism before a vaccine is rolled out.¹⁰¹

The overall story is one in which the tourism workforce's view of the industry is more negative than before COVID. Current and former tourism employees have less desire to work in tourism. Their perceptions of personal health and safety have been negatively affected, as has their feeling of comfort while working. Not surprisingly, their sense of job security has taken a very significant hit.

¹⁰⁰ THER Baseline Research Report. Blueprint ADE, 2020.

¹⁰¹ Tourism HR Canada (December 2020) "Assessing Perceptions of Tourism as a Place of Employment in Canada".

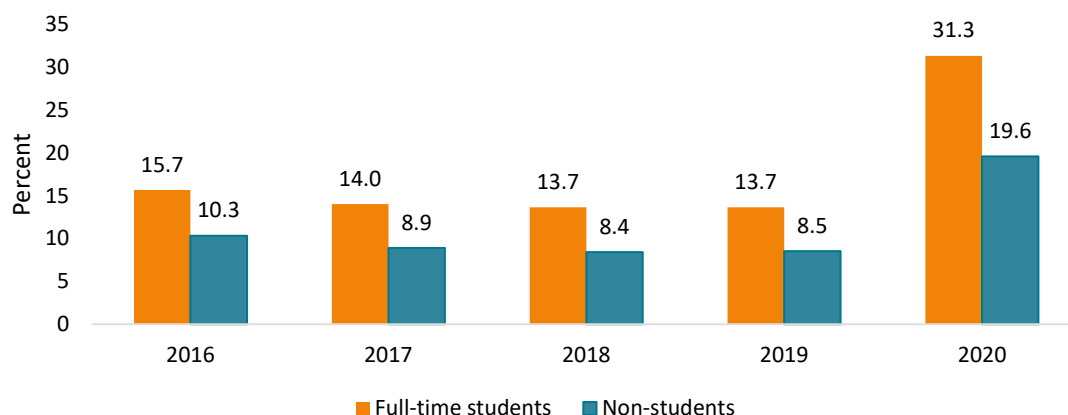
Figure 26: Impact of COVID on Perceptions of Work in Tourism



Students, young adults, and recent graduates have been particularly hard-hit by the pandemic. For many students, the restrictions have disrupted their studies, sometimes offsetting graduations for a year. Students were also less able to obtain summer jobs over the summer of 2020 as the limited number of jobs available had substantially more competition from non-students (Figure 27). A survey conducted before summer 2020 showed that only 54.6% of responding tourism businesses rehired staff in preparation for the summer. Of those that did, 71.8% said that 75% to 100% of hires were returning staff.

Further, the graduating class of 2020 entered the workforce when job availability was at an extreme low. Many experienced workers had recently lost employment and were competing for the same jobs as these summer students and recent graduates. Students and recent graduates often have a high proportion of debt, so a sizeable, unexpected income loss has substantial impacts on their financial plans.

Figure 27: Summer Unemployment Levels for Students and Non-Students 2016-2020¹⁰²



To support workers across all industries, the Federal government implemented several supports and subsidies. While a description of all available supports is beyond this study's scope, particularly relevant to labour supply was the Canadian Emergency Response Benefit (CERB) program and the Canadian Emergency Student Benefit (CESB). The CERB acted as a safety net for workers who had been affected by the pandemic and could not continue their jobs, offering \$2000 per month while they were restricted in their abilities to leave their homes and find employment. The CESB provided \$1,250 per month for a maximum of 4-months to students and recent graduates unable to find work due to COVID-19.¹⁰³ The government of Canada also implemented several other supports for unemployed, sick, or acting primary caregivers.¹⁰⁴

While the government supports were invaluable for insulating workers and companies in all industries to weather the pandemic, they had secondary economic implications. Some businesses found it challenging to recruit low-wage labour and cited the allocation of monetary assistance via CERB as providing a disincentive for individuals to work. Despite the lack of tourism and public health limitations, 41.8% of respondents to a survey of tourism businesses prior to summer 2020 said they were concerned that they would be unable to hire enough employees. The top

¹⁰² Statistics Canada. Table 14-10-0286-01 Unemployment rate and employment rate by type of student during summer months, monthly, unadjusted for seasonality, last 5 months

¹⁰³ Government of Canada, "[Canada Emergency Student Benefit \(CESB\)](#)", 2020

¹⁰⁴ Tobin, Sweetman (2020): IZA COVID-19 Crisis Response Monitoring: Canada (November 2020). <https://covid-19.iza.org/crisis-monitor/canada/>.

barrier to finding employees reported by these respondents was workers choosing CERB over returning to work.¹⁰⁵ While these supports were necessary and deliberate, they could negatively impact the labour market if left in place beyond their requirement.¹⁰⁴ There is a high proportion of part-time/casual workers within the tourism industry, so any potential impacts of wage support would be highly relevant for these individuals.¹⁰⁶

In the fall of 2020, traditional (albeit expanded) Employment Insurance (EI) benefits replaced CERB for individuals unable to work during the pandemic. The enhanced EI required fewer working hours to claim benefits, helping workers who were hired back only to be laid off again when COVID forced the closure of their businesses.¹⁰⁷ In addition to an enhanced EI program, other programs were introduced for those who were unable to work—or only work in a limited capacity—due to COVID but could not claim EI. These included the Canada Recovery Caregiving Benefit, the Canada Recovery Sickness Benefit, and the Canada Recovery Benefit.¹⁰⁸

Due to COVID and these changes to Employment Insurance, there are a record number of Canadians receiving regular EI benefits. With the introduction of CERB, the number receiving benefits plummeted, but when the program ended, regular EI beneficiaries reached 1.39 million individuals in October 2020. The number of recipients fell back slightly in November and December but surged to new heights during the second wave. More than 700,000 more individuals are receiving regular EI benefits than there were at the height of the financial crisis.

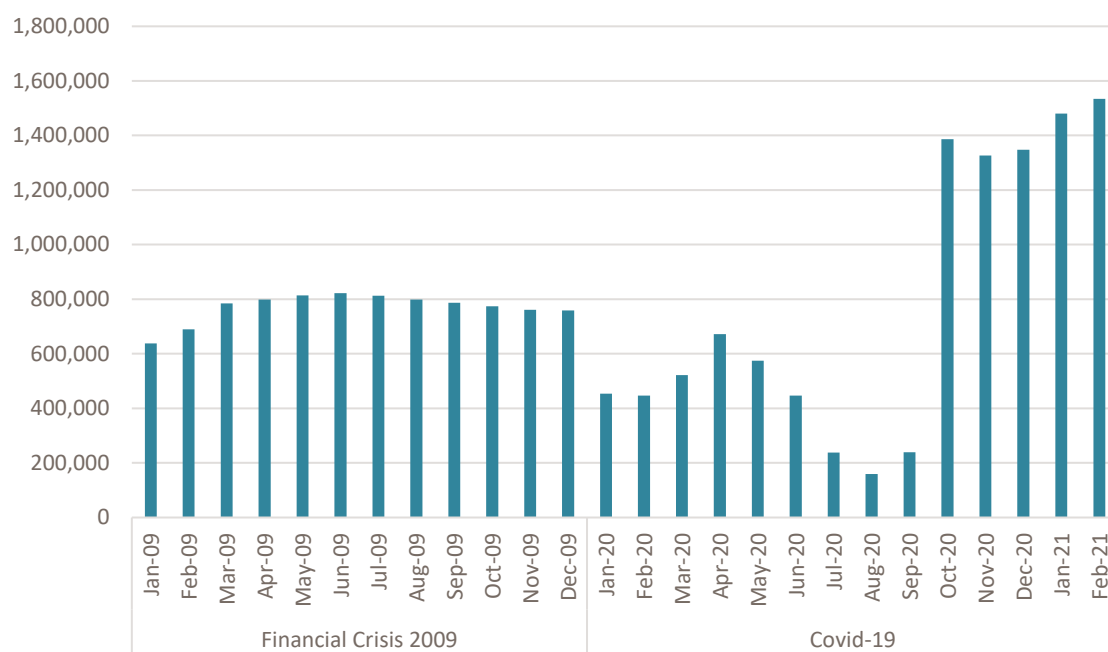
¹⁰⁵ Covid-19 Tourism Workforce Impact Report, Tourism HR Canada.

¹⁰⁶ Tourism HR Canada (2019) 2019 Canadian Tourism industry Compensation Study. <https://tourismhr.ca/labour-market-information/2018-tourism-sector-compensation-study/>

¹⁰⁷ <https://www.canada.ca/en/employment-social-development/news/2020/08/supporting-canadians-through-the-next-phase-of-the-economy-re-opening-increased-access-to-ei-and-recovery-benefits.html>

¹⁰⁸ <https://www.canada.ca/en/services/benefits/ei/cerb-application/transition.html>

Figure 28: Regular Employment Insurance Beneficiaries by Month ¹⁰⁹



All age groups have increased their use of employment insurance, but the greatest increase in users is among those 15 to 24. In January 2020, just over 40,000 young people received regular EI benefits. As of February 2021, that number had increased 459.4% to 231,630. Regular EI benefits use has increased 182.1% among men 15 years of age or older and 332.2% among women.

¹⁰⁹ Statistics Canada. Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted

Figure 29: Regular Employment Insurance Beneficiaries by Month and Age Group ¹¹⁰

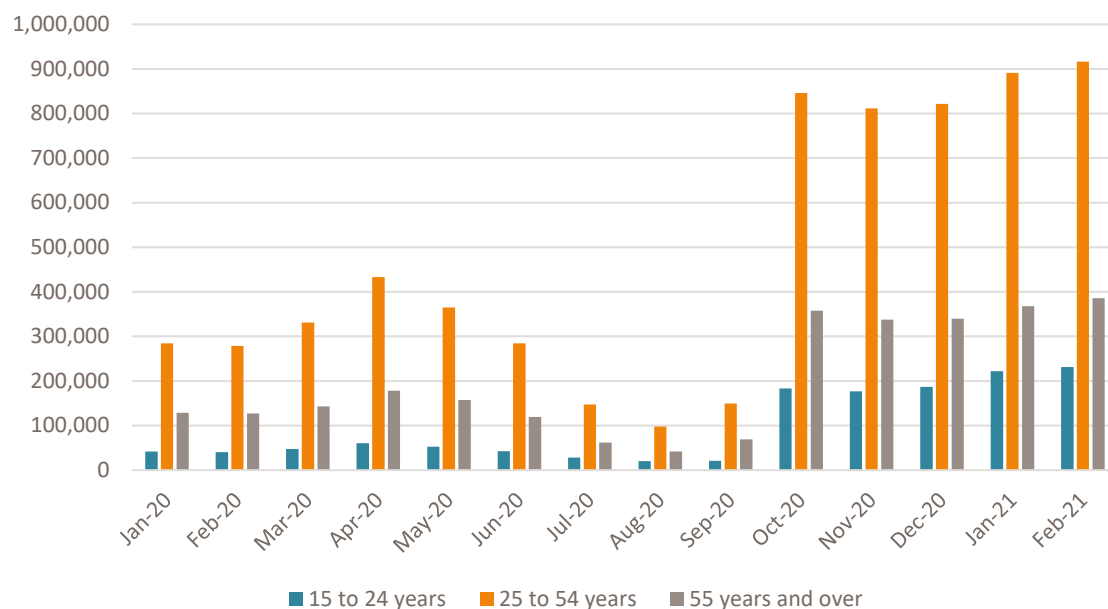
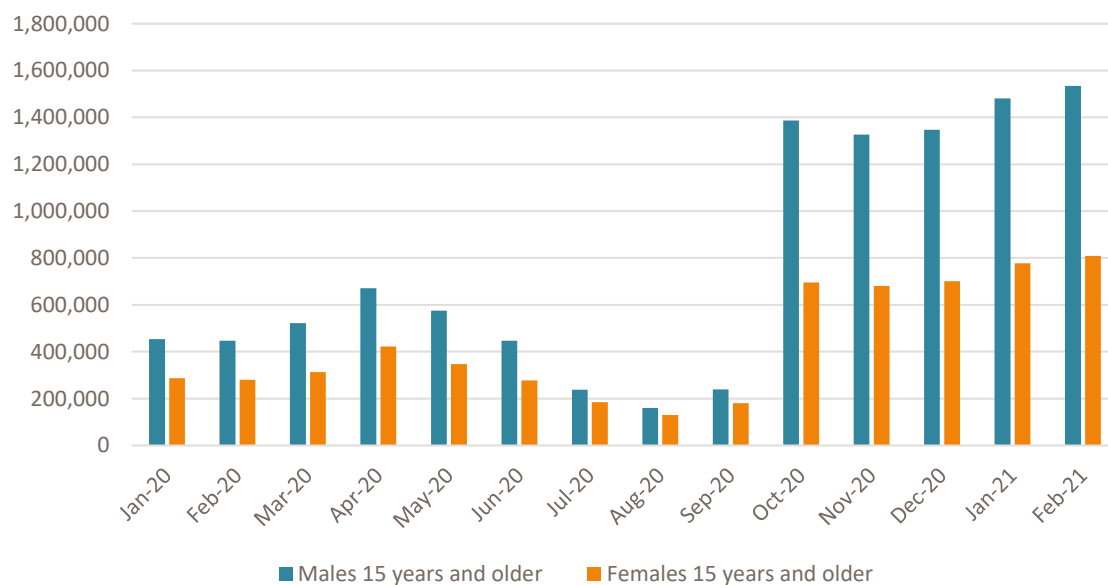


Figure 30: Regular Employment Insurance Beneficiaries by Month and Age Group ¹¹¹



¹¹⁰ Statistics Canada. Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted

¹¹¹ Statistics Canada. Table 14-10-0011-01 Employment insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted

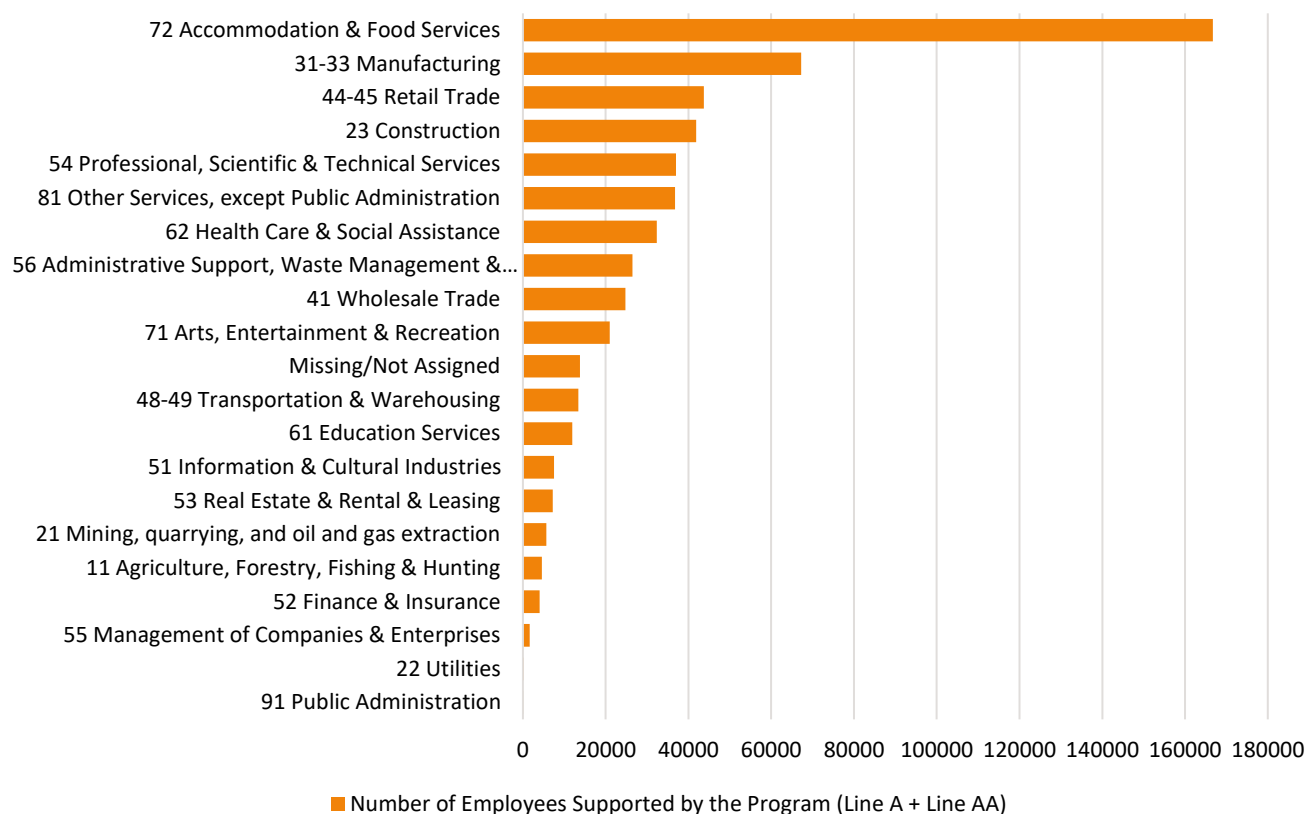
Demand in the Labour Market

The pandemic has also made substantial changes to the demand for workers by businesses in the Tourism labour market through the introduction of government business supports/regulations and shifts in visitor preferences. Arguably the largest direct influences on tourism businesses were closing the border and government-mandated restrictions put into place by provincial and territorial governments, which limited volumes of customers allowed within businesses (in some cases to zero where full lockdowns were put in place). Despite various government supports, many businesses needed to cut their operating costs anywhere possible, resulting in decreased staffing levels. The federal government designed one support specifically to counteract this trend, the Canadian Emergency Wage Subsidy (CEWS). The CEWS gave a 75% wage subsidy to businesses impacted by the pandemic, which incentivized businesses to keep their employees on board.

The Federal budget for 2021 guaranteed an extension of the CEWS until September 25, 2021, with a potential extension until November 25th, 2021. The subsidy rate paid by the CEWS will gradually decrease beginning July 4th, 2021.¹¹² This phase-out is intended to coincide with increased vaccinations and the resulting lifting of public health restrictions. However, provincial reopening plans show that the phase-out of CEWS will begin before some tourism businesses can reopen. Figure 31 shows that the accommodation and food services sector accounted for a substantial portion of the employees supported by the CEWS between November and December of 2020.

¹¹² A Recovery Plan for Jobs, Growth, and Resilience. Budget 2021, Government of Canada

Figure 31: Uptake of CEWS benefit by Sector, November 22 to December 19, 2020¹¹³



The pandemic also tilted the labour balance between the tourism industry and other sectors. For example, before the pandemic, Ontario's tourism industry had a median business size of 10 employees (or a mean of 35 employees). In 2020, it was estimated that the size of businesses in Ontario decreased to a median of 4 employees (mean of 17 employees)¹¹⁴. Within the sector, businesses that adjusted their operations towards the new visitor preferences (primarily domestic travel, private vehicles, and outdoor-based activities) could limit some of the losses from lowered international tourism. Some businesses found creative ways to repurpose their services and

¹¹³ Government of Canada, <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-statistics/stats-detailed.html>

¹¹⁴ Tourism Industry Association of Ontario, "Provincial Survey Report", 2020

capital during the pandemic, such as hostels/hotels providing lodging for remote workers and students or distilleries producing hand sanitizer.¹¹⁵

Labour demand shifted to industries that could remain open during the pandemic and support remote work for their employees. Those businesses that were able to provide services that were now in-demand to individuals at home (i.e., Amazon, Zoom, Delivery companies) fared even better. Due to the nature of the tourism industry (catering mostly to in-person visitors), many businesses within the tourism industry did not benefit from the factors mentioned above, contributing to the disproportionate negative impacts on this sector. A notable exception to this is certain rural/outdoor-oriented tourism businesses such as campgrounds and cottage country. Many of these businesses had a highly profitable 2020 summer as domestic tourism thrived.¹¹⁶ In total, this relative shift in demand for labour between industries has the potential to result in many workers leaving the industry and which would have lasting repercussions (although the size of these impacts is difficult to estimate with the data currently available).

Overall employment has decreased by 422,800 as of April 2021 compared to February 2020. Employment in tourism has fallen by 519,100 in that same period. At face value, this appears to indicate that about 100,000 individuals that worked in tourism have become employed elsewhere. But we need to account for new entrants to the labour force. There is a constant flow of people into and out of the labour force. Retirees are a simple example of people leaving. When they were working, they were part of the labour force. Upon retirement—assuming they do not seek another—they leave the labour force. At the same time, graduates and new immigrants are constantly joining the labour force, either as employed workers or as unemployed individuals seeking work. To be part of the labour force, a person must be employed or actively seeking work (unemployed). People can drop out of the labour force for multiple reasons. There has been an ongoing cycle of layoffs, rehiring, and further layoffs in the tourism sector during the pandemic. It would be understandable if some workers decided to avoid seeking a new job, or

¹¹⁵ OECD (2020-12-16), “Mitigating the impact of COVID-19 on tourism and supporting recovery”, OECD Tourism Papers, 2020/03, OECD Publishing, Paris. <http://dx.doi.org/10.1787/47045bae-en>

¹¹⁶ OECD (2020-12-16), “Mitigating the impact of COVID-19 on tourism and supporting recovery”, OECD Tourism Papers, 2020/03, OECD Publishing, Paris. <http://dx.doi.org/10.1787/47045bae-en>

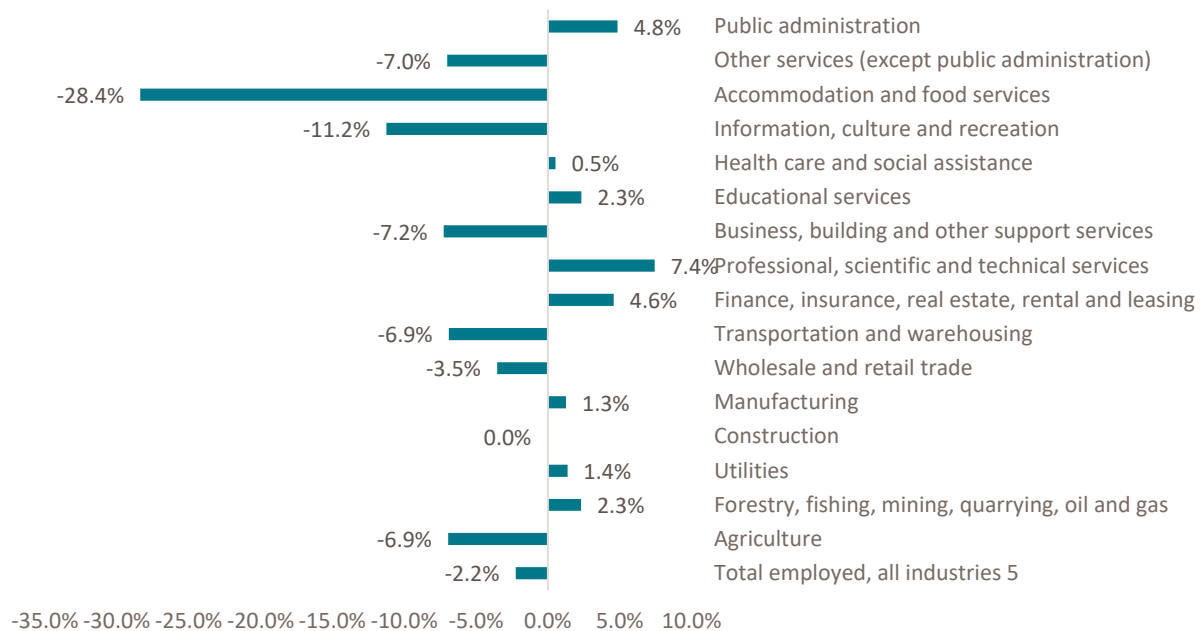
returning to an old job until the labour market stabilizes. These individuals will not be counted as part of the labour force.

Seasonally adjusted labour force data shows that the labour force (the total number of employed and unemployed workers) shrank between February 2020 and April 2021. In February 2020, there were 20,276,000 people in Canada's labour force. By April 2021, there were 20,267,500.¹¹⁷ This decline shows that any new entrants to the labour force have been offset by individuals leaving the labour force. Data on the number of people not in the labour force shows that this group has increased. Since February 2020, the number of individuals who are not in the labour force grew by 222,600.¹¹⁸ This group has been growing consistently as Canada's population ages, but the growth since the start of the pandemic cannot be accounted for by retirees alone. After three waves of COVID-19, workers are tired of the cycle of layoffs, rehiring and further layoffs. This was particularly noticeable in the tourism sector in April. Workers are choosing to exit the labour force and wait for a sustained reopening before seeking work. They are therefore not counted as unemployed and not considered part of the labour force. But that does not mean they will not be available to work when labour market conditions improve.

¹¹⁷ Statistics Canada. [Table 14-10-0291-01 Labour force characteristics by industry, monthly, seasonally](#)

¹¹⁸ Statistics Canada. Table 14-10-0017-01 Labour force characteristics by sex and detailed age group, monthly, unadjusted for seasonality

Figure 32: Employment Change by Sector, February 2020 to April 2021 (seasonally unadjusted)¹¹⁹



Job demand can be considered a proxy for businesses' expectations of the future since their decision to hire depends on their expected revenue over the advertised employment period. Using the Vicinity Jobs platform for tracking online job postings by NOC group, we compared the online job demand over time for tourism-related occupations compared to all occupations (Figure 33). Based on the relative levels of demand, it appears that the first wave of the pandemic hit the tourism industry only slightly harder than other sectors. The tourism industry also appeared to recover at a similar rate over the summer of 2020. During this initial recovery period, it is clear some businesses had positive expectations for the summer (although, as mentioned earlier, this was in favour of outdoor/rural destinations which were able to attract domestic travel). As Canada entered the second wave of the pandemic, a substantial gap in job demand appeared between tourism and the rest of the economy. This finding demonstrates the particularly negative effect on workers that the second wave has had on tourism workers and business expectations.

¹¹⁹ Statistics Canada. Table 14-10-0036-01 Actual hours worked by industry, monthly, unadjusted for seasonality (x 1,000)

Figure 33: Monthly job demand in tourism-related occupations and all occupations (compared to 2019 baseline) ¹²⁰

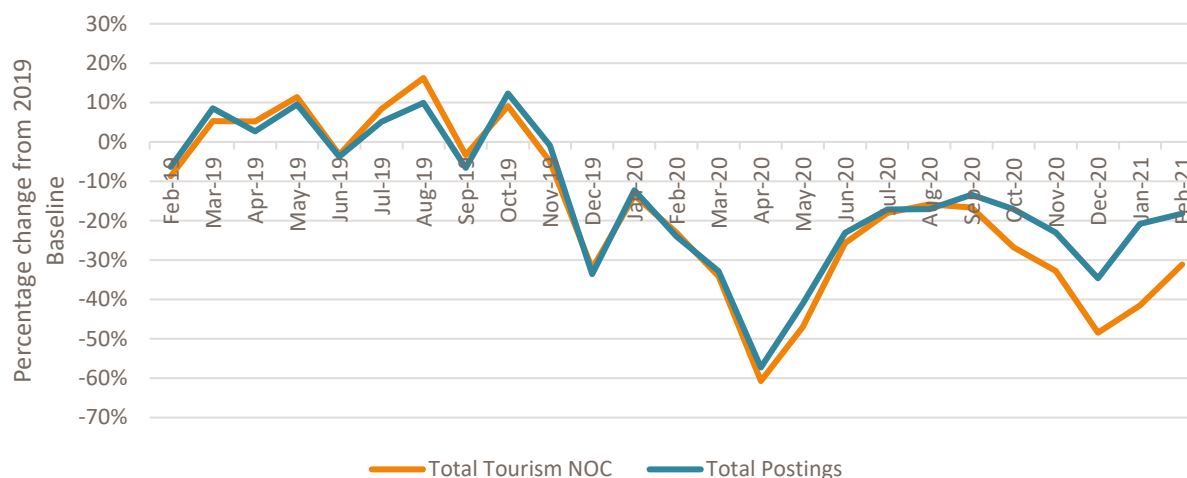


Figure 34: Percent changes in job demand 2019-2020 by Tourism-related NOC Codes

National Occupation Code	Percent Change
Travel counsellors	-72%
Airline ticket and service agents	-64%
Pursers and flight attendants	-63%
Support occupations in accommodation, travel and facilities set-up services	-62%
Casino occupations	-61%
Conference and event planners	-56%
Outdoor sport and recreational guides	-52%

The changes in job demand vary by sub-industry, as shown in Figure 405. Compared to 2019, food and beverage services showed a decrease in job posting by 8%. While this appears smaller than might be expected, the waves of the pandemic may have inflated the job demand, since staff sizes within this industry shifted substantially and substantial re-hiring occurred over the summer of 2020. Further, outdoor-oriented and suburban/rural food & beverage services

¹²⁰ [Vicinity Jobs](#), 2021

businesses reported high volumes over the summer. The other sub-industries in tourism showed substantially worsened job demand, with the largest year-to-year decrease in travel services and recreation & entertainment (both decreased by 75%).

Figure 35: Change in Online Job Postings between 2020 and 2019 by Tourism Industry NAICS

Industry	% Change
Accommodation	-59%
Food & Beverage Services	-8%
Transportation	-68%
Travel Services	-75%
Recreation & Entertainment	-75%

3.2.3 Future of the Canadian Tourism industry

There is still a great deal of uncertainty surrounding the future COVID impacts in the current and emerging situation. Many projections and predictions have been made. They have quickly become outdated within months or weeks of publication due to the unpredictability of the pandemic and vaccine roll-out. That said, some certainties can be expected. This section will outline the outcomes that can be expected, where possible.

Consumer Preferences

Vaccine Availability – One of the most important overarching factors determining the speed of the COVID-19 recovery from both a demand and supply perspective is vaccine availability. Fast implementation of vaccinations across Canada would allow for greater trade and an anticipated quicker-than-expected rebound in tourism activity. Internationally, countries such as China have seen a rapid recovery to their domestic tourism industry once infection rates are controlled, with air traffic returning to nearly 90% of pre-pandemic levels. Chinese traveller demographics have also changed with lower spending patterns that have favoured midscale and economy hotels. Luxury hotels, business travel and conference demand have been slowest to recover due to the lack of international tourists.¹²¹

Canada's vaccination efforts were challenged with securing vaccination shipments and rollout logistics. In March, Public Procurement Minister Anita Anand announced that Canada was on track to receive 7 million vaccine doses from the various companies by the end of April, with a total of 36.5 million delivered by the end of June and 118 million before Sept. 30. It now appears that the increase in vaccine availability that started in May will be sustained. There there will be enough vaccine to give all eligible Canadians their first shot by summer.¹²² The second shot of the vaccine will be available to all Canadians who want one by September 2021.

Modelling from the Public Health Agency of Canada expects that uptake of the 1st vaccine dose will influence whether it is safe to lift public health measures this summer. The modelling shows

¹²¹ McKinsey, "[The Travel Industry Turned Upside Down](#)", Sept 2020

¹²² <https://www.ctvnews.ca/politics/pm-says-canada-will-have-enough-covid-19-vaccines-for-a-one-dose-summer-1.5423013>

that if at least 75% of adults receive the first dose of vaccine (with 20% having received their second dose), it should be safe to lift health measures. Safe does not mean that COVID-19 will not continue to spread, but hospital capacity will not be exceeded, as was the case during the third wave. In the modelling, physical distancing, mask wearing and high levels of testing are still required.

The modelling also estimates that should restrictions be lifted when 55% of adults have received a first vaccine dose, another wave of the virus would occur. This modelling was proven accurate when restrictions were lifted in late winter, leading to the third wave.¹²³ When this report was finalized (May 28th), most provinces were close to, or slightly above, that threshold.¹²⁴

Although tourism businesses are understandably anxious to reopen, an early reopening that leads to a fourth wave and subsequent lockdown during the summer would be disastrous for the tourism sector.

Reopening Timelines

Public health restrictions are the responsibility of the provinces and territories. It is still somewhat difficult to predict the pace of reopening. It depends on vaccine uptake, the effectiveness of current measures at reducing new infections, and the public's comfort level. A survey by Leger, conducted between May 21st, and May 23rd, showed that only 15% of Canadians favoured immediate lifting of all restrictions.¹²⁵

What can be expected is that reopening will occur in stages and at different speeds depending on the province. Provinces are starting to announce roadmaps for reopening, which provides some idea—if not absolute certainty—about when tourism can resume. Saskatchewan was the first to create a reopening roadmap based on milestones related to the percentage of the population that has been vaccinated—with a three-week lag for the vaccine's effectiveness to take hold. Among other activities, the first step allows restaurants and bars to open with six

¹²³ Update on Covid-19 in Canada: Epidemiology and Modelling, Public Health Agency of Canada, April 23rd, 2021

¹²⁴ CTV News, Coronavirus vaccination tracker: <https://www.ctvnews.ca/health/coronavirus/coronavirus-vaccination-tracker-how-many-people-in-canada-have-received-shots-1.5247509>. Accessed May 28th.

¹²⁵ Leger, Leger's North American Tracker, May 25th, 2021

people at a table. Step two removes table capacity limitations and allows 150 people at event facilities, casinos, theatres, and recreational facilities. Finally, in step three, most remaining restrictions will be lifted, although some restrictions on gathering sizes and mask use will only be finalized at that time.¹²⁶

Quebec has taken a different approach, identifying dates for reopening. The reopening will begin on May 28th, including relaxing rules for large indoor venues and outdoor stadiums. Further restrictions will lift on June 11th and June 25th, with other limits lifting at the end of August or later depending on the current state of the pandemic.¹²⁷

Ontario has taken a mixed approach by aiming for a date starting the week of June 14th. Each phase will last 21 days. Reaching set vaccination levels by that time will trigger the next phase. Under this scheme, the earliest date for Phase 3 would be late July.

Newfoundland had not officially announced a reopening plan when this report was finalized, but the premier's advisory council on tourism had recommended a July 1, 2021 reopening date at the latest, based on current vaccine timelines.¹²⁸ British Columbia and Alberta were also expected to announce reopening plans shortly.

International and Business Travel

Demand from international tourists and business travellers will be extremely limited or non-existent this summer. Discussions on reopening the border are only at the preliminary stages within the Federal government as of Mid-May. While there remains a great deal of uncertainty, it is unlikely that international tourists from the United States or elsewhere will come to Canada in great numbers this summer. The lack of international tourists presents a severe challenge to tourism industries and businesses that rely on international tourism for a significant share of their receipts. These include the accommodation industry, and conversely, the travel services industry,

¹²⁶ <https://www.saskatchewan.ca/government/news-and-media/2021/may/04/reopening-roadmap-a-gradual-measured-approach-to-easing-public-health-measures>

¹²⁷ Gouvernement du Québec, Reopening Plan, <https://www.quebec.ca/en/health/health-issues/a-z/2019-coronavirus/reopening-plan>

¹²⁸ The Premier's Advisory Council on Tourism, The Impacts of The Covid-19 Pandemic on The Newfoundland and Labrador Tourism Industry and The Pathway to Recovery, April 2021.

which relies on Canadians booking trips to international destinations. The summer is when the greatest share of international tourism expenditure occurs. Between 2015 and 2019, on average, Canada received 37.4% of international tourism expenditures in the third quarter of the year. The second most spending came in the second quarter (April, May, June) which has already been lost.

Figure 36: National Tourism Indicators: Average Share of Yearly International Tourism Expenditures by Quarter¹²⁹

Quarter	Q1	Q2	Q3	Q4
Percent of Yearly Expenditures	15.96%	26.36%	37.45%	20.23%

*Figures are based on seasonally unadjusted, current dollars.

Looking beyond the summer of 2021, international leisure travel and business travel could take years to recover. The Conference Board of Canada’s travel markets outlook projects that domestic overnight visits will reach pre-pandemic levels in 2023. But as of 2024, visits from the United States will remain 1.2% below 2019 levels, and visits from other international locations will be down 3.0% from 2019 levels.¹³⁰

In both cases, it will be business travel depressing overall visitation levels relative to 2019 as pleasure trips will recover to pre-pandemic levels in 2024. A lack of business travel will act as a drag on the tourism sector’s recovery. Even though overall domestic visits are expected to be up 1.9% (relative to 2019) by 2024, domestic business trips could remain down 9.5%.¹³¹ A McKinsey consulting study estimated that 20% of business travel (in the U.S.) might not return.¹³² Business travel is less focused on the summer months than leisure travel. The loss of business travellers could increase seasonality within the tourism sector. Business travel historically recovers more slowly than leisure travel following economic downturns. This one will be no exception. Video conferencing and other digital tools can create cost savings and carbon reduction for companies. The loss of business travel will impact urban cores and the airport hotels and conference centres

¹²⁹ Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada,
¹³⁰ Conference Board of Canada. Travel Markets Outlook—Up in the Air, December 16, 2020
¹³¹ Conference Board of Canada. Travel Markets Outlook—Up in the Air, December 16, 2020
¹³² McKinsey Global Institute, The Future of Work After Covid-19, February 2021.

that serve business events. It will undoubtedly affect the transportation industry, particularly airlines, whose high-value clients are business travellers.

Demand for Domestic Travel

Nearby Outdoor Recreation – The National Tourism Indicators, which measure demand from tourists (both domestic and international), showed a significant drop in expenditures across all categories in 2020, with the notable exception of pre-trip expenditures. On a year-over-year basis, pre-trip expenditures were up 23.9% in the third quarter of 2020 and up 30.4% in the fourth quarter. These expenditures are purchases of goods such as camping equipment, skis, or other tourism related goods. These expenditures, combined with reports of “unprecedented” demand for cottage rentals, strongly suggests that Canadians are planning on domestic trips to rural areas, outside of urban boundaries for the summer 2021 season.¹³³

Figure 37: Tourism Expenditures Quarterly, Year-over-Year Change¹³⁴

	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Tourism expenditures	-14.0%	-70.3%	-53.5%	-54.5%
Total tourism commodities	-14.1%	-70.8%	-54.7%	-55.7%
Transportation	-14.8%	-80.2%	-68.6%	-68.2%
Accommodation	-9.5%	-67.1%	-43.8%	-44.4%
Food and beverage services	-15.0%	-64.7%	-43.1%	-49.9%
Other tourism commodities	-15.2%	-53.1%	-36.6%	-35.6%
Recreation and entertainment	-13.3%	-74.5%	-54.0%	-55.7%
Travel agency services	-22.5%	-74.1%	-72.1%	-72.7%
<i>Pre-trip expenditures</i>	<i>-10.2%</i>	<i>-3.5%</i>	<i>23.9%</i>	<i>30.4%</i>
Convention fees	-9.8%	-67.7%	-44.4%	-44.4%
Total other commodities	-13.6%	-67.8%	-47.0%	-47.7%

Evidence for a potential surge in local, outdoor travel is further strengthened monitoring of Canadian sentiment towards travel by Destination Canada. Since early in the pandemic,

¹³³ <https://www.cbc.ca/news/canada/london/ontario-cottage-rental-demand-summer-2021-1.5896502>

¹³⁴ Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada, constant prices (x 1,000,000)

Destination Canada has been tracking Canadian's level of comfort with their own travel to a location, and their level of comfort welcoming visitors to their own region. Comfort with all types of travel generally rises and falls as COVID case counts rise and fall. However, one consistent trend is that Canadians are less comfortable travelling to long-distance destinations (e.g., other provinces) than with trips to nearby communities. They are also more comfortable welcoming visitors from nearby regions. For example, as of mid-May, 72% of British Columbians felt safe to travel to communities near them, but only 33% felt comfortable travelling to other provinces or territories, and 19% were comfortable travelling internationally. The comfort levels with each type of travel were similar in other areas of the country, although Albertans were noticeably more comfortable with the idea of international travel.¹³⁵

Consumer Safety – There will certainly be demand for both 'COVID-safe' and 'social proximity' types of services for the short and medium-term. Even after herd immunity is achieved in Canada and other countries, lasting caution will carry on among some tourists. This expectation means that businesses and workers will face a continued need for COVID-safe practices such as sanitization and physical distancing. Doing so comes with technology and customer service implications, such as customer confusion or concern about regulations—especially as tourists start to move between regions with different rules.

At the same time, there will also be tourists who will desire normal 'social proximity' type settings when they are allowable. Businesses equipped to provide both types of services will capture the largest part of the market and not be as dependant on full reopening. As a second-best option, businesses that cannot provide both services in tandem but are adaptable to quickly and inexpensively switch between COVID-safe or social proximity states will be able to navigate future restrictions/waves that arise.

Consumer Access – The roll-out of vaccines in Canada and internationally will also play a large role in the inflows and outflows of tourists to/from the country. Vaccinations will also affect overall sentiment towards international travel and travel restrictions. Domestic tourism demand could be heightened in the short and medium-term as Canadian tourist's choice of countries

¹³⁵ Destination Canada, Resident Sentiment, 2021-05-18, <https://bit.ly/2RHhHcl>

they can travel to is restricted. In response, they may shift their demand to Canadian locations. At the same time, international tourism to Canada will be diminished as long as border restrictions continue to be enforced. A recent report by Destination Canada noted that the Canadian industry would be able to completely replace the total revenue shortfall left by international tourists if two-thirds of Canadians' pre-COVID international travel expenditure could be re-directed to domestic locations. Businesses' ability to attract and accommodate domestic tourists will be crucial to their success over the short term. Destination Canada projects that recapturing outbound demand as domestic travel would speed the tourism industry's recovery by a year.¹³⁶

When asked directly, approximately 80% of Canadians mentioned that they had plans to travel once it was safe to do so.¹³⁷ While this outlook portends well for the potential increase in domestic demand this summer, many Canadians have developed a growing desire to travel internationally. The same report by Destination Canada report used online travel booking data to demonstrate that many Canadians aspire to travel internationally. As Canadians made bookings further into the future, a larger proportion of bookings were to international destinations. If this growing desire for international travel is true to a similar extent in other countries, a substantial resurgence of international tourists could reasonably be expected once borders open back up.

A possible economic rebound - Data from the Conference Board of Canada¹³⁸ indicates that the economy will expand by 5.8 % this year and 4.0% in 2022. The report estimates that the saving rate increased from 1.4% before the pandemic to 14.8% in 2020. Those households who were able to earn money during COVID-19 have increased savings, likely due to an increased percentage of individuals working from home, reduced transportation costs, and limited discretionary expenditures (e.g., vacations). While many Canadians who were working prior to the pandemic say it negatively affected their work lives and finances, a survey by FP Canada, a national organization of financial planners, found that 27% of respondents had over a year's worth of expenses in savings and 13% over six months.¹³⁹ TD Bank estimates collective savings reached a record \$200 billion in 2020. They also predicted consumer spending would grow by an

¹³⁶ Destination Canada, *Revisiting Tourism: Canada's Visitor Economy One Year into the Global Pandemic*, March 2021

¹³⁷ Destination Canada, *Global Tourism Watch*, November 2020

¹³⁸ The Conference Board of Canada, [*Hope at Last: Canada's Two-Year Outlook*](#), March 2021

¹³⁹ FP Canada, [*Tale of Two Pandemics*](#), March 2021

average of 5% this year with an optimistic outlook of 7%-8% if household spending normalizes spending-saving patterns faster than expected.¹⁴⁰

How much of this potential economic demand Canadians will spend on tourism is a crucial question. The Conference Board of Canada's Tourism Market Outlook projects that domestic overnight province visits will remain well below 2019 levels in 2021, but almost recover to pre-pandemic levels in 2022.¹⁴¹

Festivals, Events & Indoor Attractions – Some significant drivers of travel within Canada will be missing in 2021. For example, in Ontario, indoor attractions such as museums and art galleries will not open until the final phase of the province's reopening plan. That could be as late as the end of July. In addition to the loss of part of the summer season, the lack of major indoor attractions will dampen appetite for travel to the locations that host these attractions. That lack of travel will affect hotels and restaurants—themselves unable to offer indoor dining until phase three of Ontario's reopening.

Across Canada, major festivals, sporting events, and conferences were already cancelled or have moved online.¹⁴² These cancellations were inevitable to some degree. Even in the absence of the third wave, uncertainty surrounding COVID-19 and the time required to plan these events would have limited their ability to operate during the summer. Here too, a knock-on effect will be felt by hotels and lesser degree restaurants. While festivals draw many local attendees, they also attract domestic tourists who stay at hotels and dine at restaurants.

Consumer Awareness – Given that consumer preferences and behaviours are quickly evolving, up-to-date data sources are more important now than ever. The constantly changing landscape during the pandemic has highlighted the shortcomings of many established data sources to monitor changes over short periods (such as 5-year censuses etc.). Access to relevant information is also not equal across the whole industry. Large companies in the tourism industry often have internal research teams and data sources. These companies can monitor economic situations, strategize efforts to overcome challenges and mobilize their marketing/HR teams to address associated risks. Most small and medium sized enterprises in the tourism industry do not have

¹⁴⁰ TD Economics, [*Prospects for Canadian Consumers: To Save, Spend, or Pay Down Debt?*](#), February 2021

¹⁴¹ Travel Markets Outlook—Up in the Air, Conference Board of Canada, December 16, 2020

¹⁴² <https://www.cbc.ca/news/entertainment/music-festivals-across-the-country-cancelled-again-1.5996834>

the staff capacity to strategize to this extent, a problem made worse by the reduced staff sizes across all businesses during the pandemic. Inequalities in data availability and strategic capacity between businesses in the tourism sector present a substantial risk factor. There is, therefore, a need to supplement the availability of strategic information among SMEs at the destination- or industry-level.

Consumer-facing real-time data can also help customers' confidence in travel plans and experiences. A destination would look more enticing for cautious travellers if it can easily demonstrate that high-quality safety measures are in place. Some apps and data sources have been developed with this aim. For example, in the US, developers created a crowd-monitoring app for consumers to check the size of crowds at local attractions using the geo-location of other phones in the area.¹⁴³ Similarly, GeoSure has created a travel safety phone app, which provides real-time GeoSafeScores at the neighbourhood level across several metrics (e.g., women's safety, theft, health and medical).¹⁴⁴ If more accurate, up-to-date information is accessible to tourists; they will have more confidence in making travel plans.

Supply of Workers

Worker Caution – The pandemic has made many workers cautious about accepting work in the tourism industry. With lingering restrictions and potential risks of contracting COVID, this caution is likely to be slow to disappear, particularly among those that need to travel for employment. With employment in the tourism industry the lowest it has been since 2001,¹⁴⁵ many former workers are either unemployed, not in the labour force, or may have switched to other industries that have enjoyed higher demand during the pandemic. Due to the length of the pandemic, there is a risk that previous tourism employees will be hesitant to return to the sector in the short term due to its perceived volatility. Workers will likely have added caution towards tourism jobs that require relocation since these involve paying for travel, accommodations, and relocation costs. Immigrant and foreign labour are extreme examples of this, as they must cross an international border and apply for visas to work in the country. In some cases, work permits

¹⁴³ “Rebuilding tourism for the future: COVID-19 policy responses and recovery”, Organisation for Economic Co-operation and Development (OECD), 2020.

¹⁴⁴ <https://geosureglobal.com/>

¹⁴⁵ Statistics Canada, Labour Force Survey, customized tabulations

cannot be applied until health inspections are completed on worker accommodation, subject to everchanging COVID protocols and paperwork that frustrates employers.

Canadian businesses' ability to alleviate these uncertainties will be important to ensure an adequate labour supply. Some potential examples of ways to lower worker's uncertainty include integrating lodging into employment, supports for relocation costs, and guaranteed contract lengths (admittedly challenging to offer while uncertainty about reopening timelines exists). Elevated abilities to make remote hiring decisions would be a good way to use the COVID technology changes to alleviate uncertainties. The ability to secure employment before relocating would vastly decrease the perceived economic risks of pursuing these career decisions.

Worker Inequities – The impacts of the pandemic on workers within the Tourism industry labour force differ by socioeconomic and demographic groups. Given the different impacts, these groups can be expected to behave differently as the industry reopens.

Employment among youth, and in particular students, has been hard hit by the pandemic and restrictions. Many part-time and summer jobs were not available during the pandemic. These summer students and the graduates of 2020 faced extensive competition for a relatively small number of jobs. Further, with lowered incomes, many of these students/young professionals will have lost wealth over the pandemic, and it can be expected that they will seek relatively more employment (more jobs and more hours) after the pandemic to make up for this¹⁴⁶. The loss of wealth may cause a higher proportion of these students to exit schooling and enter the labour market. Some studies have shown financial difficulties to be negatively associated with student retention in post-secondary institutions.¹⁴⁷ This impact could be exacerbated by the lowered program persistence associated with online course options, an observation that was discussed in the Ontario Tourism Education Corporations' Niagara Regional Working Group in October 2020. Employment and training representatives highlighted that students now attending virtual courses, having increased flexibility, and in some cases, are entering the labour markets earlier. Lowering the priority of their education is worrying as this may impact the quality of the future labour pool.¹⁴⁸ Given the loss of youth employment in 2020/21, there will be a relative increase in the

¹⁴⁶ Statistics Canada, "[Impacts of the COVID-19 pandemic on postsecondary students](#)", 2020

¹⁴⁷ Clarke, A.R. "Factors Associated with Post-Secondary Student Retention at a Technical Campus", 2019

¹⁴⁸ Ontario Tourism Education Corporation, "Tourism SkillsNet Ontario Niagara Regional Working Group Discussion", October 20, 2020.

supply of youth to the labour market post-pandemic. Along with the relatively lower health risks for this group, it can be reasonably expected that the youth labour supply will continue to be strong and may increase post-pandemic.

Recent data from a Labour Market Information Council report has demonstrated that employment among women has been impacted disproportionately compared to men in Canada.¹⁴⁹ The report highlights the important differences between the COVID-19 recession and previous recessions: relatively more impact on industries with high-female representation (including accommodation, food services, and culture & recreation). Evidence from an IZA Economics report across all sectors in Canada showed that during the summer – following the first wave of the pandemic – recovery happened more quickly for women than for men¹⁵⁰. Further, this report noted that while women's employment rates recovered close to pre-pandemic levels over the summer, the rates for men remained lower than before the pandemic. These relative impacts were most likely due to the changes in male- compared to female-dominated industries and roles. It is unclear from the existing evidence and research what the future gendered trends will be for the tourism industry. This finding highlights the importance of up-to-date data that takes a Gender Based Analysis+ (GBA+) approach. Data gathering that allows for analysis of trends by gender, race, ethnicity, religion, age, and mental/ physical disability is highly important to ensure equitable outcomes for the tourism labour force during and beyond the COVID-19 pandemic.¹⁵¹

Following this GBA+ lens, an important distinction in the trends by gender occurs when the intersection with immigrant status is examined. It has been found that immigrant women have seen the largest decreases in employment among any group and have also seen the lowest recovery rates compared to immigrant men and Canadian-born individuals.¹⁵² Generally, immigrants and individuals who are visible minorities tend to be more impacted economically by the pandemic as they are disproportionately working in front-line and low-wage jobs hardest hit by the pandemic. This finding further emphasizes the need to develop and use fine-grained data to monitor the social and economic inequities in Canada's tourism industry.

¹⁴⁹ LMIC (March 2021) Women in Recessions: What Makes COVID-19 Different? <https://lmic-cimt.ca/publications-all/lmi-insight-report-no-39/>

¹⁵⁰ Tobin, Sweetman (2020): IZA COVID-19 Crisis Response Monitoring: Canada (November 2020).

¹⁵¹ Government of Canada (2021) [What is GBA+](#)

¹⁵² <https://lmic-cimt.ca/immigrant-employment-in-sectors-most-affected-by-covid-19/>

Immigrant Workers - In late 2020, the federal government announced it would greatly increase immigration levels to make up for the shortfall in 2020 due to the COVID-19 pandemic¹⁵³. Under the new plan, roughly 1.2 million new Canadians will be welcomed between 2021 and 2023, representing an increase of about 50,000 each year. These initiatives could be expected to provide a substantial new source of workers for the industry once the restrictions allow for their entrance to Canada. Further, the federal government stated has created a fast-track for non-permanent residents who already live in Canada.

Demand for Workers

Financial Uncertainties and Risk – With constantly changing projections for recovery, tourism businesses are expected to be cautious about the number of staff they hire and their commitments to their workers. Prior to the summer of 2021, many seasonal businesses will be faced with the decision to re-open or not. These decisions involve risks associated with the potential for lower-than-expected levels of tourism and lasting restrictions, so businesses will likely aim to keep their operating expenses low and flexible. Tourism businesses have taken on debt to survive. Many are concerned that it will hamper their ability to recover. Revenue certainty will be higher among companies that can redesign services to cater to the expected new array of visitor preferences. As outlined in the *Consumer Preferences* section, this can involve designing services that cater to customers wanting COVID-safe activities and those who are comfortable with, and desiring a return to 'social proximity'. It also requires increased marketing to domestic tourists and designing services and infrastructure that are adaptable to changing safety protocols. Some countries have created programs to help businesses invest in this flexibility, as outlined in an OECD report on the Future of Tourism.¹⁵⁴ For example, Ireland has established a EUR 26 million COVID-19 Adaptation Fund to support businesses implementing the national re-opening guidelines¹⁵⁵. Chile introduced an Emergency Programme to Reactivate Tourism

¹⁵³ Government of Canada (Oct 2020) <https://www.canada.ca/en/immigration-refugees-citizenship/news/2020/10/government-of-canada-announces-plan-to-support-economic-recovery-through-immigration.html>

¹⁵⁴ OECD (2020), "[Mitigating the impact of COVID-19 on tourism and supporting recovery](#)", OECD Tourism Papers, No. 2020/03, OECD Publishing, Paris,.

¹⁵⁵ Failte Ireland, "[COVID-19 Adaptation Fund guidelines](#)", 2020

targeted at SMEs that have seen a 30% drop in sales to finance fixed assets, working capital, advertising and materials needed to adhere to the COVID protocols.¹⁵⁶

Government Supports for Businesses - Another important factor in the demand for workers will be financial supports and safeguards provided by the government to businesses during the re-opening phase. In the Fall Economic Statement, the Government of Canada committed up to \$100 billion over the next three years to help the economy recover. In February, the government announced the Highly Affected Sectors Credit Availability Program (HASCAP). The HASCAP aims to provide highly affected businesses with long-term, low interest loans with principal payment delayed by 12 months. The program has the potential to provide businesses with short term funding without the need for repayment until 2022. Through improved financial certainty provided by these government supports; it is expected that businesses can afford to hire more staff which has the effect of increasing demand for labour.

The 2021 Federal budget introduced several measures to support Canada's tourism sector. In addition to an extension of the CEWS, the budget extended the Canadian Emergency Rent subsidy. The federal government also proposed a \$500 million Tourism Relief Fund that will support investments by tourism businesses to adapt to the pandemic. Another \$200 million will be provided through regional development agencies to support major festivals and \$200 million through Canadian Heritage to support local festivals, community cultural events, outdoor theatre performances, heritage celebrations, local museums, and amateur sporting events.

The budget also introduced the Canada Recovery Hiring Program. This program will provide employers with a subsidy of up to 50% for eligible employees between June 6, 2021, and November 20, 2021.

For marketing purposes, \$100 million is budgeted for Destination Canada for marketing campaigns to help Canadians and other visitors discover and explore the country.¹⁵⁷

From an employment perspective, the extension of the CEWS is helpful, as are the subsidies being offered by the Canada Recovery Hiring Program. However, the shorter the 2021 summer

¹⁵⁶ Chile Reports, "[Government launches new 18 billion Chilean peso program to reactivate micro and small enterprises](#)", October 2020

¹⁵⁷ Government of Canada, "A Recovery Plan for Jobs, Growth and Resilience" Budget 2021

season, the smaller the impact will be. Inevitably demand from both domestic tourists and locals will decline this fall. The 2021 summer season will be crucial if tourism businesses can operate without subsidies through to the 2022 season.

It is worth noting that despite these supports, tourism will still take time to recover. Due to a large amount of government spending during the pandemic, it is reasonable to expect that governments will have diminished funds to spend on support programs in the medium-to-long-term.

Industry-Wide Concerns

Many of the core pre-pandemic structural challenges will remain and could be compounded when the market reopens. These include negative perceptions of the sector as a place to work, infrastructure issues (e.g., housing, limited transportation etc.), and an ageing workforce. Despite an increase in negative perceptions, the employment losses during the pandemic may increase the available supply of young workers to the tourism industry in the short term. But the underlying trends in Canada of an ageing population will still exist post-pandemic, so a potential increase in young workers' level of interest in the industry should be treated as an opportunity to attract and retain young workers.

Previous recessions have led to periods of rapid development in automation, which can have lasting impacts on routine work jobs post-COVID. While tourism tends to have relatively low levels of routine work, there is also the added incentive that many jobs are face-to-face, meaning that automation can lower the chances of virus transmission¹⁵⁸. There is also the added concern that small and medium-sized enterprises tend to have substantially lower capacity and resources to integrate automation, meaning that this trend can disadvantage small businesses.¹⁵⁹

However, the current climate is a catalyst for change and could offer businesses and policymakers the chance to reevaluate how tourism is conducted as part of the Government of Canada's broader goals for a post-pandemic economy that is "greener, more inclusive, more innovative, and more competitive".¹⁶⁰

¹⁵⁸ Blit, J, "Automation and Reallocation: Will COVID-19 Usher in the Future of Work?", 2020

¹⁵⁹ Tourism HR Canada & The Conference Board of Canada, "*The Future of Canada's Tourism Sector*", 2019

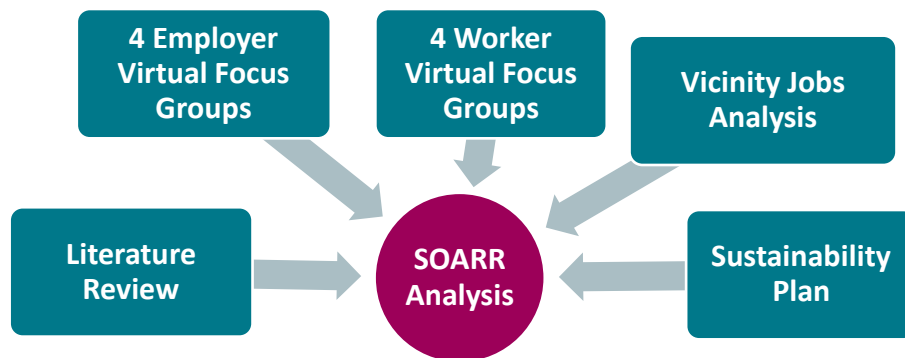
¹⁶⁰ Government of Canada, "*Government of Canada Releases Supporting Canadians and Fighting COVID-19: Fall Economic Statement*", October 2020

3.3 SOARR Assessment – Future of Tourism HR Perspective in Canada

The following SOARR assessment is primarily based on findings from the literature review and insights gained from 8 regional focus groups from across Canada. These sessions were conducted virtually via Zoom and facilitated by Erik Lockhart from the Queen's Executive Decision Centre using an interactive feedback capture tool. Four of these sessions focused on employers and four targeted workers. A total of 80 attendees participated. Further feedback from tourism industry associations was captured during a pan-Canadian final consultation session.

A SOARR Assessment is a model for reflecting on lessons learned by studying identified Strengths, Opportunities, Aspirations, Risks, and Results (SOARR). It is a forward-looking model, taking elements of what would traditionally be affiliated with an analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT). It then uses insights gained through stakeholder consultations to inform what is desired for the future and how to know when aspirations have been met.

Figure 38: Data Points that Influence SOARR Assessment



The concepts underpinning the SOARR model are strengths, opportunities, aspirations, risk, and results. In essence, the SOARR represents a summary of essential learnings uncovered during the research that went into the strategy.

3.3.1 Strengths

What can we build on?

1. Canada's strong international brand
2. Pre-COVID-19 Canada was experiencing rapid growth in demand among travellers visiting Canada with growth rates above that of GDP, indicating the strong potential of the industry when the market does recover
3. Tourism industry's position as a significant economic driver in Canada
4. Strong support for developing workforce strategies by government and industry
5. History of government financial support for the tourism industry
6. Tourism's multidimensional nature offers training in many necessary skills for workers' careers
7. Tourism attracts a young, active, passionate labour force
8. Pandemic travel restrictions have helped increase interest in Canada's domestic tourism market

3.3.2 Opportunities

What are our best opportunities for building on strengths or addressing challenges?

1. Continue wage subsidies and other financial supports for small and medium-sized tourism businesses through the remainder of the pandemic and recovery period
2. Incentivize domestic tourism with travel rebates, tax deductions, subsidized flights, etc.
3. Prioritize vaccination of tourism workforce to boost traveller confidence
4. Enable better decision-making based on the enhanced availability and accuracy of up-to-date, relevant tourism data
5. Leverage the continued adoption of technologies to aid businesses, workers, and tourists, including remote hiring, interviewing, and training, online purchases, augmented reality, virtual experiences
6. Explore selected travel agreements with international partners for easy travel between countries

7. Explore attracting unemployed individuals to tourism
8. Expedite business-friendly policy change related to stabilizing labour force supply for tourism involving the Temporary Foreign Worker Program and the International Student program
9. Explore programs to attract more 'work-travel' employees
10. Capitalize on increased tourism demand outside of urban hubs and into rural communities

3.3.3 Aspirations

What do we care deeply about and where do we want to be in the future?

1. Ensuring tourism businesses are as informed as possible as the industry emerges from the pandemic
2. Emerging from the pandemic with a well-equipped, available, and inclusive workforce
3. Acknowledging and minimizing the risks for businesses re-opening in uncertain times
4. Reinventing the tourism industry as more efficient, fair, and environmentally sustainable, by addressing key structural issues in the tourism industry workforce
5. Enabling better/more organized collaboration between SMEs, at the destination level and between business subsectors, to explore supply and demand challenges
6. Recognizing and mitigating the risks for workers seeking/accepting employment in uncertain times
7. Building confidence among tourism businesses in their human resource management practices, such as defining skills required for positions and mapping out career trajectories
8. Tourism will be respected as an industry that adds value to the Canadian economy and celebrates the national experience
9. Favourable policies implemented during the pandemic (e.g., outdoor patio approvals, delivery of alcohol with food) should be permanently incorporated into legislation and by-laws, and there should be a continued focus on identifying and removing red tape

3.3.4 Risks

What do we need to be aware of that may negatively impact our goals or progress?

1. As pandemic restrictions ease, pent-up domestic consumer demand will overwhelm understaffed businesses who will be unprepared to offer tourism experiences at satisfactory availability or quality
2. Automation may displace workers, particularly in unskilled positions, given that it is known to occur more quickly during recessions
3. Travel restrictions negatively affect specific supplies of labour. International students had challenges entering the country during the pandemic and may be uncertain about enrolling in the near future. Temporary foreign workers must have a secured job prior to entry.
4. Perceptions of the sector as low-paying, unstable job security have worsened. Former tourism workers may not return
5. Tourism workers that have found work in other sectors may choose not to return to tourism
6. Residents of tourism communities will resent tourists who place unprecedented pressure on local businesses, attractions, etc.
7. Governments may not provide subsidies or funding programs to businesses or travellers
8. Municipalities will continue to lack awareness of the economic importance of tourism and will fail to collaborate

3.3.5 Results

How will we know we are succeeding?

1. Increased availability of real-time data to address labour gaps
 - Key Performance Indicators (KPIs) – Data sources available, uptake of data, etc.
2. Increased employment of workers in tourism
 - KPIs – Participation rates, the overall employment rate and employment rates among diverse groups of workers

3. Increased productivity and profitability of tourism businesses
 - KPIs – Increased average industry profit margins
4. Increased quality of tourism jobs
 - KPIs – Wages/benefits, contract terms, new types of employment, inclusive workplace culture/environment
5. Improved perception of working in the tourism industry
 - KPIs – Regular opinion surveys, perception monitoring
6. Increased supply of labour via alternative sources
 - KPIs – Increased employment in tourism via specific sources (foreign workers, international students), agreements signed with international partners
7. Increased respect for the tourism industry and workforce
 - KPIs – Policy change related to the essential nature of the sector, vaccination, funding, lending, insurance coverage, etc.
8. Increased financial support for the tourism industry
 - KPIs – Government funding announcements, financial institution policy change
9. Improved business confidence, health, and resilience
 - KPIs - Number of businesses closed/re-opened, profit margins, business start-ups, business collaborations, business satisfaction related to government communications and policy
10. Improved tourism experience for consumers
 - KPIs – Destination reviews, new tourism products/experiences, more tourists visiting in shoulder seasons and Winter, increased acceptance of tourism in rural communities

4. Appendix: Background Research Findings

4.1 Data Analysis

4.1.1 Vicinity Jobs – Labour Demand Report

As a part of the study, we leveraged data from Vicinity Jobs - an innovative data platform that monitors volumes of online job postings by employers through employment sites like Indeed and Monster. These job postings are often associated with National Occupation Codes and NAICS codes, enabling the analysis of industry-specific changes over time. For this study, we analyzed the job postings from 2019 and compared them to the demand in 2020 to understand the changes in job demand caused by the COVID-19 pandemic in Canada. This analysis estimates that job demand decreased in the Canadian tourism industry by approximately 30% in 2020 compared to 2019. This significant impact on job demand in the industry varied over the course of the year, and by sub-industry and occupation.

The changes in relative job demand for each occupation in the tourism industry are shown in Figure 39. As shown, travel counselors, airline & service agents, and pursers & flight attendants were some of the hardest-hit occupations in terms of job demand in 2020. Some occupations increased in demand, with job posting increasing among light-duty cleaners, janitors, caretakers & building superintendents. Demand for cooks and food & beverage servers was close to the national average, at -31%.

Figure 39: Percent changes in job demand 2019-2020 by Tourism-related NOC Codes

National Occupation Code	Percent Change
Travel counsellors	-72%
Airline ticket and service agents	-64%
Pursers and flight attendants	-63%
Support occupations in accommodation, travel and facilities set-up services	-62%
Casino occupations	-61%
Conference and event planners	-56%
Outdoor sport and recreational guides	-52%

National Occupation Code	Percent Change
Program leaders and instructors in recreation, sport and fitness	-47%
Hotel front desk clerks	-46%
Air pilots, flight engineers and flying instructors	-44%
Bartenders	-43%
Ground and water transport ticket agents, cargo service representatives and related clerks	-43%
Accommodation service managers	-42%
Retail and wholesale trade managers	-41%
Retail salespersons	-40%
Tour and travel guides	-40%
Chefs	-40%
Maitres d'hotel and hosts/hostesses	-36%
Advertising, marketing and public relations managers	-32%
Cooks	-31%
Food and beverage servers	-31%
Restaurant and food service managers	-31%
Other customer and information services representatives	-31%
Human resources managers	-30%
Accounting and related clerks	-30%
Managers in transportation	-28%
Food counter attendants, kitchen helpers and related support occupations	-27%
Retail sales supervisors	-24%
Bakers	-21%
Cashiers	-18%
Operators and attendants in amusement, recreation and sport	-17%
Taxi and limousine drivers and chauffeurs	-13%
Food service supervisors	-11%
Technical occupations related to museums and art galleries	-8%
Landscaping and grounds maintenance labourers	-4%
Bus drivers, subway operators and other transit operators	-4%
Light duty cleaners	+2%

National Occupation Code	Percent Change
Janitors, caretakers and building superintendents	+20%

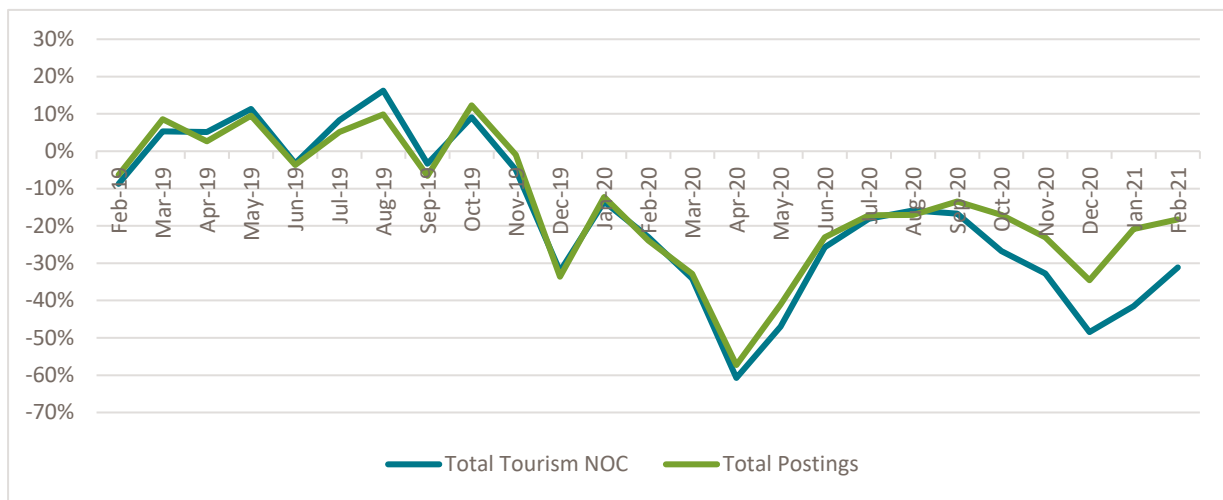
The changes in job demand vary by sub-industry, as shown in Figure 40. Compared to 2019, food and beverage services showed a decrease in job posting by 8%. While this appears smaller than might be expected, the waves of the pandemic may have inflated the job demand, since staff sizes within this industry shifted substantially and substantial re-hiring occurred over the summer of 2020. Further, outdoor-oriented and suburban/rural food & beverage services businesses reported high volumes over the summer. The other sub-industries in tourism showed substantially worsened job demand, with the largest year-to-year decrease in travel services and recreation & entertainment (both decreased by 75%).

Figure 40: Change in Online Job Postings between 2020 and 2019 by Tourism Industry NAICS Codes

Industry	% Change
Accommodation	-59%
Food & Beverage Services	-8%
Transportation	-68%
Travel Services	-75%
Recreation & Entertainment	-75%

Like the wider economy, the tourism industry showed a substantial decrease in demand during the initial wave of the pandemic (from March – April of 2020) as shown in Figure 41. The level of job demand in the tourism industry recovered at a similar rate to the wider economy in late Spring/Summer of 2020. A noticeable gap developed between tourism and other industries beginning in the Fall of 2020, with expectations for re-opening particularly low moving into the Winter. Job demand has begun to rebound as of February 2021, but demand in the tourism industry is still substantially lower than the industry average.

Figure 41: Changes in job demand relative to 2019 average – Tourism compared to all NOCS



4.1.2 Review of Tourism HR Canada Supporting Data

As a part of the study, various data sources were reviewed, and statistics/graphics were drawn from these sources for the Research Findings section. Several of these data sources were provided directly from Tourism HR Canada and these are listed in the table below:

Data Resource	Source
Tourism Human Resource Module	https://www150.statcan.gc.ca/n1/daily-quotidien/201030/dq201030c-eng.htm
Operating and financial statistics of major Canadian airlines	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2310007901
Domestic and international itinerant aircraft movements	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2310028701
Travel between Canada and other countries - Tourists	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2410004301
Monthly survey of food services and drinking places	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2110001901
Travel between Canada and other countries - travellers	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2410004101
STR occupancy data	https://str.com/press-release/str-canada-hotel-results-week-ending-31-october
Google mobility data	https://www.google.com/covid19/mobility/
LFS	https://www150.statcan.gc.ca/n1/daily-quotidien/201204/dq201204a-eng.htm
Hours worked	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410003601
Emp by Age Gender	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410001701#timeframe
Gross Domestic Product by Industry (monthly)	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610043401#timeframe

Data Resource	Source
NOC employment	https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410029601#timeframe
Business Conditions	https://www150.statcan.gc.ca/n1/daily-quotidien/201113/dq201113a-cansim-eng.htm
Business Register	https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=1105