

Meeting Atlantic Canada's Labour Skills Challenge Post COVID-19

July 2022

Highlights

The accommodations industry plays a key role in supporting business and leisure travel for the tourism industry. It employed an average of about 10,000 Atlantic Canadians in 2021, which was below its pre-pandemic level of 14,000.

The industry contains many highly seasonal and relatively low-wage jobs. Almost 60% of the workforce is female and 40% of workers are between the ages of 15 and 24.

There were just over 900 vacancies in the accommodations industry, as of 2021 Q3. APEC projects there will be over 29,000 new accommodations and food services positions in our region by 2030, largely due to retirement.

Employers in the industry should expand the pool of available labour by focusing recruitment and retention efforts on temporary foreign workers, immigrants and underrepresented groups.

Provincial governments should consider implementing immigration programs similar to Nova Scotia's Occupations in Demand stream to address shortages in certain accommodations-related occupations.

Colleges can help increase the number of prospective employees by working with the industry to create more short, tailored occupational programs.



Responding to the Labour Challenge in Atlantic Canada's Accommodations Industry

The accommodations industry plays a key role in supporting overnight business and leisure travel for the tourism industry. The industry accounted for over \$500 million in real Gross Domestic Product (GDP) for the Atlantic region in 2021. It employed about 10,000 people, 32% below its pre-pandemic level of over 14,000.

Job vacancies in Nova Scotia and New Brunswick's accommodations industries totaled 900 in third quarter 2021. Data for Prince Edward Island and Newfoundland and Labrador are unavailable. Employers reported major challenges finding cooks and light-duty cleaners. The accommodations job vacancy rate for Nova Scotia and New Brunswick was much higher than other industries at over 9%, compared with over 4% for the overall economy. APEC estimates that the largest occupations in the accommodations industry will need over 29,000 new employees by 2030.

How will employers fill these positions and retain their existing workers? What is the potential for automation in this industry? How will education and training models need to adjust? Also, how can policy makers facilitate the necessary labour market adjustments?

This report is one of three deep dives on select sectors in the Atlantic region. These sectors have been chosen for some of their unique characteristics. The accommodations industry is an example of a highly seasonal, relatively low-wage industry that has a high proportion of female workers. Occupations in this industry typically require modest education and training. While there are large employers in urban centres, there are many smaller employers in towns and rural communities throughout the region.

About the Data

This report uses data on the accommodations industry where available but reports data on the broader accommodations and food services industry where necessary. Many hotels operate restaurants within their building.

Occupations in the accommodation industry are classified under many different National Occupational Classification (NOC) codes. This report focuses on food service managers (NOC 631), accommodations service managers (NOC 632), chefs (NOC 6321), cooks (NOC 6322), servers (NOC 6513), front desk clerk (NOC 6525), kitchen helpers (NOC 6711) and light duty cleaners (NOC 6731). These occupations have a large representation within the industry and are experiencing serious labour shortages. Some of these occupations are also found in other industries, such as the food services industry.

This report is based on APEC's analysis of publicly available data and reports. It also incorporates information from interviews with businesses, industry associations and training institutions.

Labour Force Profile

The accommodations industry is important to the Atlantic Canadian economy, as it supports the rest of the tourism industry. Output of accommodation services accounted for over \$500 million of real GDP in the region in 2021, 0.5% of total regional output. Output has not yet recovered to its pre-pandemic level of \$730 million.

Accommodations is especially important in Prince Edward Island where it accounted for 0.6% of the province's total output in 2021.

The region's accommodations industry grew 19% between 2015 and 2019, which was well above the national rate of 8%. It was also three times faster than the overall growth rate for the Atlantic Canadian economy.

Jobs in the industry are typically low-wage, about 58% of the region's average wage. Many are part-time jobs, about 40% of total employment.

Accommodations has a high proportion of female and youth workers. The majority of employees do not have a post-secondary degree or diploma.

Atlantic employment is highly seasonal with employment in the summer months 59% higher than in the winter. This is almost three times higher in Prince Edward Island. Employment insurance (EI) usage in the accommodations industry is five times higher than usage in the other industries in the Atlantic region.

The unemployment rate in 2021 was 9%, which was below the total industry regional unemployment rate of 10%. Job vacancy rates are two times higher than in other industries in the region.

Labour Market Indicators

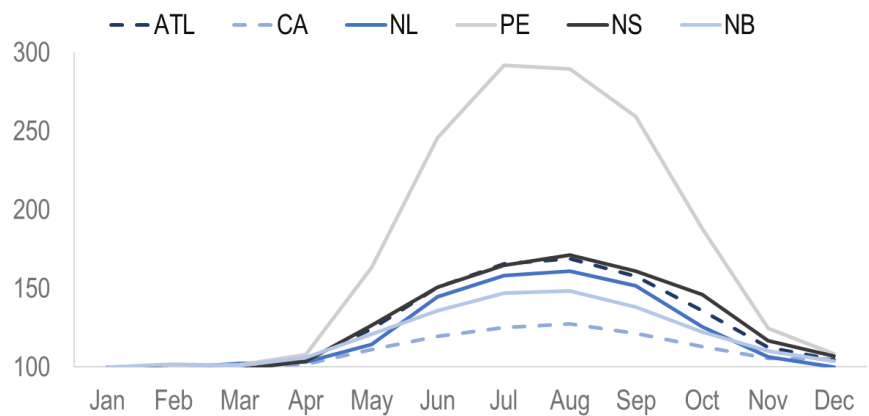
Atlantic Canada, 2021 (unless noted)

	Accommodations	All Industries
Employment (persons)	9,700	1,123,600
Share of total employment (%)		
Females*	59	49
Part-time*	40	17
Youth, 15-24*	40	14
Older workers, 55+*	15	24
Rural	34	41
Immigrants, 2016	8	5
Obtained post-secondary degree, 2016	42	60
EI claims (% of total employment)**	25	5
Seasonal variation in employment 2015-2019 (%)	59	7
Median wage (\$/hour)*	14	23
Unemployment rate (%)*	9	10
Job vacancy rate, NS and NB (%)	9	4

*Accommodations and food services, **Jan-Nov average
Source: Statistics Canada

PEI Accommodations Industry is Highly Seasonal

Average monthly employment, 2015-2019 (Index, January=100)



Source: Statistics Canada

Effects of COVID-19 on the Accommodations Industry

The accommodations industry was severely disrupted by the COVID-19 pandemic and resulting travel restrictions. Nationally, output from the industry shrank 42% in 2020. Domestic accommodations demand in Canada almost recovered in the second half of 2021, despite spending from domestic tourism remaining much lower than pre-pandemic. International travel demand, however, was still about 19% of pre-pandemic levels in the second half of 2021. International tourism is critical. Foreign travelers accounted for over 4 out of 10 dollars spent on accommodation services in Canada in 2019.

In Atlantic Canada, employment in accommodations fell 55% between February and May 2020. Employment was still 5% below pre-pandemic levels as of March 2022 year-to-date, a loss of 420 jobs. This is much worse than in Canada where employment fell by 24% over the same period. Some hotels also reduced their restaurant hours to cope with low demand.

Although most domestic and international travel pandemic restrictions have now been lifted, demand for tourism will be slow to recover. Elevated fuel prices and overall high inflation will likely impede ability to travel this year. It will take until at least 2025 for tourism to return to 2019 levels, according to [Destination Canada's 2021 projections](#).

Occupation Outlook

APEC projects that the largest occupations in the accommodations industry will grow about 40% by 2030. Total occupations across all Atlantic industries is forecast to grow 44%.

The largest occupations in accommodations will need over 29,000 new employees by 2030. About 70% of these positions will result from the need to replace retirees and 30% will be due to job creation.

Many of the required positions for certain occupations likely fall under the food services industry, as well as other industries. Accommodations only represented 15% of total employment in accommodations and food services in 2021.

We expect Prince Edward Island will be the Atlantic province with the greatest need for accommodations workers. Total job opportunities for the largest occupations in accommodations is forecast to increase over 50% by 2030.

Cleaning staff are projected to represent the largest share of in-demand occupations within accommodations, at about 30% by 2030. Kitchen helpers and cooks, the second and third largest categories, are expected to make up 25% and 19% of job opportunities, respectively.

Future of Work Trends—Accommodations Industry

Automation and digitalization: Advancements in technology present the opportunity to reduce employment in certain occupations, such as front desk clerks and light-duty cleaners, particularly in large operations. Artificial intelligence and robotics are being adopted by hotels around the world. The [Henna-na hotel](#) in Nagasaki, Japan, for instance is staffed with robots at the front desk.

Short-term housing rentals: Airbnb and other homestay companies have gained popularity in recent years. Revenues from private short-term rentals in the Atlantic region increased by over [60 times its value](#) between 2015 and 2018. The number of available short-term rentals is expected to keep increasing. Studies in [Hawaii](#) and [Texas](#) show that short-term rentals can have a negative impact on hotel revenues, particularly in the low-end market. This would make it harder to offer higher wages in absence of other cost-cutting measures or raising prices.

Environmental sustainability: Canada has committed to achieve net-zero emissions by 2050. This transition will affect the accommodations industry. The majority of green house emissions from accommodations companies are generated from [laundry services, waste disposal and staff travel](#). Greenview, a global sustainability hospitality consultancy, has led the development a [net-zero methodology for hotels](#). This methodology provides detailed guidance for hotel companies wishing to achieve net-zero emissions before 2050.

Less people are employed in the Atlantic accommodations industry now, compared to 10 years ago. Employment in the industry fell by 40% between 2012 and 2021.

Some workers have recently left the accommodations industry due to job instability caused by the pandemic. Lack of job security coupled with lower wages are two factors making it

difficult to attract and retain sufficient workers in this industry.

Hospitality generally relies on younger workers to meet labour needs. APEC projects that the Atlantic Canadian population aged 15-24 will drop 7% over the next decade. At the same time, the number of people aged 65 and above is expected to grow 9% over the same period.

In-Demand Occupations in the Atlantic Canadian Accommodations Industry

Occupation	National Occupational Classification	Employment 2020 (number of persons)	Projected job opportunities 2020-2030 (number of persons)	Median wage November 2021 (\$/hour)
Kitchen support staff	6711	20,800	7,318	13.10
Cleaning staff	6731	15,300	8,713	14.90
Cooks	6322	14,400	5,424	13.80
Food and beverage servers	6513	7,500	2,693	13.70
Food service managers	0631	7,200	3,402	17.30
Front desk clerks	6525	1,100*	87	14.30*
Accommodation service managers	0632	4,700	710	20.00
Chefs	6321	2,300	736	16.00
Total		72,200**	29,083	14.60**

Notes: APEC's occupation model does not project occupations by industry. The occupations listed above make up the largest shares in the accommodations industry, but can also be found in other industries, such as food services. Projected job opportunities includes the number of workers required due to job creation and retirements. It excludes other factors affecting job openings such as employee turnover and deaths.

**Calculations exclude PEI and NL due to lack of data, ** Calculations exclude front desk clerk due to lack of data.*

Source: Statistics Canada, APEC

Solutions to Accommodations Shortages: Summary Tables

Our proposed solutions are grouped under four solution types (1) increasing labour supply, (2) reducing labour demand, (3) improving the quality/skills of the labour supply and (4) creating better alignment of labour supply and demand. Our ratings of the likely impact reflect our qualitative assessment based on our analysis of data, reports and interviews with industry stakeholders.

High Impact Solutions

Focus	Solution Type	Solution
Temporary foreign workers	Labour supply	Apply for temporary foreign workers with enough time to ensure the application process is completed in time for the busy season
Underrepresented groups	Labour supply	Target recruitment efforts towards underrepresented groups and provide them with training opportunities
Immigration	Labour supply	Improve streamlined immigration access for occupations experiencing severe labour shortages Recruit international students to increase labour, especially for part-time positions and during peak seasons
Training	Skills development	Create short, tailored post-secondary programs for in-demand occupations with an emphasis on practical skills Include experiential learning as part of all hospitality programs to help draw more students into this field Offer additional employee training opportunities to improve retention

Medium Impact Solutions

Focus	Solution Type	Solution
Higher wages and benefits	Market alignment	Increase wages where possible to remain competitive with comparable opportunities and improve existing benefit packages
Labour market coordination	Market alignment	Create synergies between employers and educational providers to ensure hospitality programs are meeting industry needs Find ways to improve industry attraction, showcasing long-term career opportunities
Social infrastructure	Labour supply	Provide accommodations to staff if lack of housing is constraining ability to hire
Non-monetary benefits	Market alignment	Implement flexible work arrangements where operationally possible Provide performance goals, evaluations and leadership training to improve productivity and retention

Low Impact Solutions

Focus	Solution Type	Solution
Automation	Labour demand	Limited scope for automation in smaller establishments and larger operations have already invested in digital solutions
Labour market information	Market alignment	Providing labour market data for the accommodations industry on its own would improve decision-making, but not help fill labour gaps
Education and literacy	Skills development	Initiatives to improve general education and literacy levels would not benefit the accommodations industry as most positions have low education requirements
Employment insurance	Labour supply	No reforms identified that would specifically benefit the accommodations industry

Source: APEC

High Impact Solutions

Temporary Foreign Workers

Seasonal Temporary foreign workers (TFWs) are a source of labour that aligns with the seasonal nature of the accommodations industry.

[Recent policy changes](#) will allow accommodations businesses to better access TFWs. Previously, businesses were not eligible for TFWs if they were located in areas with an unemployment rate of 6% or above. The federal government has now removed that requirement. Also, the 10% cap on low-wage positions for accommodations businesses has been raised to 30% for one year, after which it is set to go to 20% until further notice. These changes became effective April 30, 2022.

Another temporary change is that Labour Market Impact Assessments (LMIA) are now valid for 18 months, up from nine months. This means that LMIA can be processed well in advance of expected labour demand and held on to for longer in case it takes a while to find an eligible candidate.

The stream of TFWs for accommodations could also be expanded or expedited, similar to a [pilot program](#) underway in Quebec. The pilot allows certain occupations to bypass necessary minimum advertising and recruitment efforts before accessing TFWs.

The process for applying for TFWs can take a long time, reportedly up to a year in some cases. Processing capacity should be improved to allow businesses to be able to access TFWs in a timely manner.

Underrepresented groups

Targeting underrepresented groups would help increase labour supply in the accommodations industry. These groups include Indigenous persons, visible minorities and persons with disabilities. Females make up the majority of the workforce and therefore are not underrepresented.

Industry associations should assist with this process. Smaller operations may lack capacity to engage in targeted recruiting efforts. Employers experiencing labour shortages are likely focused on ability to complete daily tasks, lacking time to conceptualize and implement new recruitment strategies.

Associations could also provide tailored training programs for underrepresented groups to help get them started or further their career in the industry. However, the success of this type of initiative is dependent on take-up rates.

Immigration

The accommodations industry should try to attract and retain more international workers or full-year positions.

International workers generally need full-time permanent job offers to be able to immigrate to Canada. The [Atlantic Immigration Program](#) can help employers hire candidates for jobs they haven't been able to fill locally. It also allows businesses to earn trusted status, giving them the ability to quickly sponsor immigrants to work in full-time positions for them. This means that businesses get to skip the LMIA requirements.

Programs similar to Nova Scotia's [Occupations in Demand](#) immigration stream are a great way to promote immigration targeted at key occupations. This program targets occupations at the C and D level in the [National Occupational Classification](#). These levels are the two lower skill categories.

Relevant targeted occupations in the Nova Scotia program for the accommodations industry include food and beverage servers, kitchen helpers, and light duty cleaners. Prince Edward Island is also prioritizing light-duty cleaners through [a similar program](#).

Provinces should consider expanding their provincial nominee programs to include all accommodations-related occupations that are in high demand. However, policies should monitor the long-term success of immigrants in lower-wage occupations.

Immigrant workers are often required to demonstrate that they can afford to settle in the province. Given that many occupations in the accommodations industry are lower-wage, this can present a barrier to the potential pool of applicants.

Employers and industry associations should consider supporting newcomers by assisting with immigration fees and locating affordable housing.

International students, at any local college or university, are another source of labour that could be expanded. They could work entry-level positions at accommodations operations during summer break or part-time while in school.

Training

More short-term, skills-focused accommodations training programs would positively impact the supply of prospective accommodations workers. Colleges and industry associations should work together to formulate these types of programs for occupations that are in high demand.

Post-secondary training programs that take less than a few months allow prospective workers to quickly gain the skills they need to succeed. A lower financial and time investment could entice more people to be register for such a program, especially since the resulting entry-level employment will likely be lower-wage.

Many hospitality and culinary programs offered by post-secondary institutions are either one or two year programs. Graduates from these programs may be in a better position for eventual promotion. Allowing students with short-term training to complete a full diploma, while working part-time or during the off-peak season, may accelerate entry into the industry and ensure long-term skill development.

Experiential learning is a major component of many hospitality diploma programs, typically through mandatory co-op terms. This can help draw more students into this field of work and better equip them with the skills they need before they become employees. Post-secondary institutions should offer this as part of all existing hospitality programs and consider whether to expand lengths of any existing co-op programs.

Students gain valuable skills by practicing tasks expected of them in accommodations occupations. A work placement also provides additional labour for businesses at a discounted rate or for free. Work placements can create positive relationships between academia, industry, and students. Upon graduation, some students are permanently hired by businesses they worked at during their co-op term.

If institutions and industry agree to add more weeks to co-op terms, this could help ease labour constraints by increasing number of hours worked per student. However, co-op students require close supervision

by staff so there is a limit to how many students can be hired at a given time before negatively impacting productivity. The timing of work terms is also an important consideration due to the industry's seasonality.

Businesses in the accommodations industry train new workers on-the-job in order to familiarize staff to their operations. Providing continuous retraining opportunities is a good way to keep staff engaged, helping to improve retention and productivity. It also helps interested employees transition into more senior positions with higher salaries.



Medium Impact Solutions

Higher wages and benefits

Wage increases are advisable if businesses are operating at capacity and experiencing labour shortages. However, companies should be aware that higher wages will only attract more workers if they can increase wages relative to competitors within the industry or in other industries.

Higher wages help attract and retain employees but may be financially challenging for some operators. Some accommodations operators we interviewed offer wages above the minimum wage, while others feel they would have to raise prices to afford wage increases. Such employers need to ensure they can offer sufficient value to customers at higher prices or find other ways to reduce costs.

In addition to wages, workers value monetary benefits such as private health coverage. These benefits are usually tied to full-time full-year positions. Expanding coverage and benefit programs could be a cost-effective way to attract labour.

Labour market coordination

Post-secondary institutions should periodically meet with accommodations businesses to determine whether current program offerings are meeting employer needs. Before implementing any new programs or changes to existing programs, such as those referenced in the section on training, educational institutions should seek input from the industry.

Job security is a key employee concern due to the industry's seasonal nature and pandemic-induced layoffs. Job advertisements

and recruiters at careers fairs need to promote stable employment and possibilities of advancement within the hiring organization.

Cluster employment is an innovative coordination concept that involves a contractual agreement between two businesses to share an employee. The goal of this is to create a full-time and full-year position out of two or more part-time or seasonal positions. This solution requires close collaboration between businesses but may be a way to create more stable employment opportunities. Industry associations may be able to help businesses that are interested in this solution.

Social infrastructure

Improving social infrastructure would help address certain barriers to employment in the accommodations industry.

Availability of affordable housing and public transportation are important considerations when deciding whether to accept an employment opportunity. Temporary foreign workers and summer students are especially in need of housing assistance. Adequate public transportation is a bigger issue in rural areas.

Accommodations businesses should consider providing housing solutions if their pool of viable applicants is limited by local housing supply. Businesses we interviewed emphasized that the ability to find a rental apartment in rural Atlantic Canada on short notice can be difficult.

A few companies we spoke to house employees on-site, while other business owners have invested in entire houses or apartment building to rent to staff. Both of these

solutions are effective in ensuring that housing is not a barrier to employment. Offering housing in this way is important for seasonal workers who need short-term housing, but this could also be used for permanent positions.

Non-monetary benefits

Many employers and associations expressed that improving flexible work arrangements could expand the pool of available labour.

Greater flexibility of hours would appeal to groups such as students with busy school schedules, parents and older workers. Encouraging older workers to delay retirement by offering reduced work schedules and less physically demanding work tasks may help to lower the pace of retirement from the industry.

Providing performance goals, evaluations and leadership training would improve productivity and retention. Employee performance evaluations can improve worker engagement by creating space to discuss any work-related issues. They can also be used to highlight career development opportunities.

Providing human resources services is important for businesses of all size to better meet workers' needs. Smaller businesses we interviewed explained that they cannot afford to commit an one person full-time to this role and so this responsibility usually falls on the general manager. It is important that prospective and current managerial staff are given appropriate leadership training to effectively lead other employees. Industry associations could also help provide access to companies offering human resource services.



Meeting Atlantic Canada's Labour Skills Challenge Post COVID-19

Previous reports in this series

- ◆ [Atlantic Canada's Current Skills Issues](#)
- ◆ [Seasonal Employment and Labour Shortages](#)
- ◆ [Indicators of Labour Market Shortages in Atlantic Canada](#)
- ◆ [The Future of Work in Atlantic Canada](#)

Upcoming reports in this series

- ◆ Responding to the Labour Challenge:
 - Digital Industries
 - Manufacturing

About APEC

APEC is the source for independent research, insights and ideas vital to supporting a healthy, inclusive and sustainable Atlantic Canadian economy.

Business Takeaways

- ◆ Employers in the accommodations industry should consider **greater usage of the temporary foreign worker program** to address seasonal labour needs. Applying to the program well ahead of anticipated busy periods is advisable in case there are unexpected delays in the application process.
- ◆ Businesses should work with industry associations to **create recruitment strategies targeted at underrepresented groups and immigrants**. These strategies need to highlight career advancement opportunities, especially since many entry-level positions are low-wage.
- ◆ Employers need to focus on **improving the attractiveness of employment** by increasing the number of full-year positions, raising wages, expanding benefits, and providing opportunities for progression.
- ◆ Employers may also need to take steps to **help workers find accommodation**.

Post-secondary Education Takeaway

- ◆ Educational institutions need to work with the accommodations industry to **offer more short-term, skills-focused accommodations training programs** for occupations in high demand. Post-secondary training programs that take less than a few months allow for prospective workers to quickly gain the skills they need and fill labour gaps.

Policy Priorities

- ◆ Government must take steps to **allow accommodations companies to access foreign workers easier and quicker**. The federal government should exempt in-demand accommodations-related occupations from recruitment requirements in the Temporary Foreign Worker program. Provincial governments could expand nominee programs to focus on accommodations-related occupations that are in high demand.