



Brief on the Impacts of the Temporary Foreign Worker Program on the Labour Market

**SUBMITTED BY THE HOTEL ASSOCIATION OF CANADA TO THE STANDING COMMITTEE
ON HUMAN RESOURCES, SKILLS AND SOCIAL DEVELOPMENT AND THE STATUS OF
PERSONS WITH DISABILITIES**

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Introduction

The Hotel Association of Canada (HAC) is proud to submit this brief to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) for its study on the Impacts of the Temporary Foreign Worker Program on the Labour Market. HAC is the leading voice of the hotel and lodging sector, representing over 8,300 hotels, motels, and resorts across the country. This brief seeks to highlight the workforce challenges faced by hotels, demonstrate the role of Temporary Foreign Workers in meeting workforce needs, and offer recommendations to ensure that the sector can continue to support Canada's economic growth.

Restrictions to the Temporary Foreign Workers program are limiting hotel operations across the country, resulting in service reductions and delayed expansion. Half of hoteliers report experiencing negative impacts already, and a majority expect further workforce losses over the coming year. As the sector navigates post-pandemic workforce recovery and chronic labour market shortages, particularly in rural areas, constrained labour pathways prevent the hotel industry from meeting its full growth potential.

Ongoing Labour Shortages

According to Destination Canada, 80% of Canadians believe tourism positively impacts communities across the country.¹ Tourism drives Canada's economy, generating \$124 billion annually, including \$30 billion from hotels, and ranking as the second-largest services export.² As domestic tourism increases and international demand returns, the sector requires sufficient workforce capacity to meet this momentum and grow its export value across every region in Canada, contributing to Canada's trade diversification efforts.

After losing one million workers during the pandemic, the tourism industry has made strong progress rebuilding its workforce to restore employment levels, but rising demand has outpaced recovery and shortages remain, particularly in rural and resort areas. As one member shared, *"limited local supply continues to pressure resort and small-town operations."* HAC's 2025 Spring and Fall Workforce surveys reveal:

- Workforce shortages continue to hit rural and resort-based hotels the hardest, with 82% of hoteliers in resort regions and 58% in small towns reporting staffing challenges in the off-season.
- Workforce shortages persisted during peak season, with 60% of resort and 64% of rural regions being affected.
- During the 2025 peak season, nearly half of rural hoteliers (44%) struggled with substantial staffing gaps, leaving 21% to 50% of positions unfilled.*

**Results should be interpreted with caution due to a low number of responses.*

¹ Tourism's Wealth & Wellbeing Index. Canadian Tourism Data Collective.
<https://www.tourismdatacollective.ca/wealth-wellbeing>

² The Value of Travel & Tourism in Canada. Destination Canada & Tourism Economics.
https://www.tourismdatacollective.ca/system/files/2025-04/The%20Value%20of%20Travel%20and%20Tourism%20in%20Canada_2023%20Final%20Report.pdf; CBRE & HAC –

Canada's Hotel Industry: Business Intelligence Report

A Shrinking Local Labour Pool

With Canada's fertility rate at historic lows,³ an aging population, and local labour pools tightening, workforce pressures are mounting, especially for rural employers. Nearly two-thirds of hoteliers (63%) report limited interest in hospitality roles among local workers, despite efforts to recruit domestically. Immediately after the pandemic, an impressive 82% of hoteliers increased wages to restore their workforce.⁴ Many hoteliers continue to do so, while also strengthening retention strategies, offering more flexible schedules (58%), and increasing training and development opportunities (25%).⁵ Despite their extensive efforts, hoteliers, especially in rural areas, continue to face fundamental barriers. Competition for local workers is fierce in rural communities as businesses often draw from the same limited workforce.

Restricting the very program that functions as a lifeline further exacerbates workforce shortages. Rural hotel employers already anticipate losing a significant proportion of their TFWs, with 66% expecting losses within the next 12 months, leaving them even less able to staff essential roles.⁶ Removing access to TFWs does not result in local hiring; it simply leaves businesses without the workers they need to operate, putting local jobs at risk.

Impacts of the Restrictions on the TFWP

In the spring of 2025, nearly half of hoteliers (46%) surveyed reported that changes to the TFWP had negatively impacted their business.⁷

The restrictions on the TFWP have left many hoteliers, particularly those in rural regions, unable to meet their workforce needs. Amongst rural hoteliers, findings from HAC's Fall 2025 Workforce Survey show:

- More than one-third (38%) have had to limit available rooms due to workforce shortages
- 39% deployed staff to jobs they were not hired for
- One in five delayed expansion plans

When hotels limit service and expansion, Canadian workers feel the impact. Reduced operations mean fewer hours, fewer opportunities for advancement, and increased strain on the remaining staff. Hoteliers have noted that losing these workers creates a domino effect of operational strain across departments, as employers must recruit, hire and train replacements, resulting in lost capacity, knowledge gaps, and additional costs. Persistent vacancies in essential but hard-to-fill roles create operational bottlenecks that prevent hotels from bringing on additional Canadian workers, since many positions depend on having full teams in place to function effectively.

³ Statistics Canada. (2025, September 24). Fertility and baby names, 2024. <https://www150.statcan.gc.ca/n1/daily-quotidien/250924/dq250924d-eng.htm>

⁴ HAC Spring 2023 Workforce Survey

⁵ HAC Spring 2025 Workforce Survey

⁶ Ibid

⁷ HAC Spring 2025 Workforce Survey

One hotel manager shared the critical impact of losing TFWs:

*“Our business has survived with the help of Temporary Foreign Workers and international students that have high skill levels and experience from their previous countries. **Without them, we would not be able to operate our businesses.** This has meant that we have had more difficulty with schedules, meeting service needs of guests and brand hotels.”*

Without predictable access to the program, hoteliers will continue to struggle to maintain operations. A stable and experienced workforce is essential to keep pace with growing tourism demand.

Hoteliers across the country have expressed deep concern over restrictions on the TFWP, describing the impact on international workers as disheartening and unfair. HAC’s members have expressed that “beyond operational impact, immigration uncertainty affects real people and families.”

How the TFWP Supports Canada’s Hotel Industry

Hoteliers turn to the TFWP as a last resort. Far from being a convenient option, the TFWP is costly, time-consuming, and highly regulated. These realities underscore that the program is designed to respond to genuine labour shortages rather than act as a routine hiring tool. The TFWP itself is structured to ensure that TFWs do not replace Canadian workers. When employers receive a positive Labour Market Impact Assessment, it signifies that no Canadian worker was available to fill the roles and that hiring a TFW will not negatively impact the Canadian labour market. The TFWP operates as a lifeline, especially for rural hoteliers that have no other staffing options.

As an industry affected by seasonality, hotels contend with shifting labour needs throughout the year. The seasonal nature of many tourism roles reduces interest among young workers, a key challenge felt by 36% of rural hoteliers. Given these challenges, only one in five report being able to effectively manage seasonal changes.⁸ The TFWP allows employers to stabilize their workforce by ensuring they can meet seasonal labour demands that local labour markets cannot accommodate.

As one hotel manager emphasized, the program provides stability that cannot be replicated through local recruitment alone:

“Stability through the Temporary Foreign Worker program has provided much-needed security in maintaining consistent employment levels. At the same time, recruitment and retention remain challenging, with high turnover, unreliable attendance, lack of commitment and competition from other industries.”

TFWs not only help stabilize the workforce but also strengthen workplace culture and make meaningful contributions to local economies, as noted by another hotel manager:

⁸ HAC Fall 2025 Workforce Survey

“TFWs contribute positively to workplace culture and play an important role in supporting local economies by living, working, and spending in the communities where we operate.”

Ultimately, TFWs enable hotels to remain open and expand their operations, protecting and growing jobs for Canadians and fueling the local and national economy.

Recommendations

Short term:

- Exempt rural and resort employers from the restrictions on the TFWP.
- Introduce a grandfather clause exempting current Temporary Foreign Workers from the 10% cap.
- Ensure tourism is included as a priority sector in the transition of 33,000 temporary residents to permanent residents as outlined in the 2026-2028 Immigration Levels Plan.
- Support workforce continuity in hard-hit regions by issuing multi-entry visas and work permits—enabling rural, remote, and resort hotels to rehire well-integrated and experienced TFWs across multiple seasons.
- Gather insights from hospitality employers to inform possible changes to the TFWP.

Long-term:

- Advance long-term immigration recommendations outlined in the [Reimagining Immigration policy paper](#), led by Nancy Healey, Commissioner for Employers, and backed by more than 50 partners across industries.
 - Adopt the proposed Canadian International Workforce Program to establish stable pathways to permanent residency for Temporary Foreign Workers, including a temporary stream to meet seasonal and short-term low-skilled needs, as well as a permanent stream for low-skilled, year-round positions. This program would strengthen worker protections and establish bilateral agreements with source countries to create pathways for immigrants in TEER 4 and 5 occupations.

ABOUT THE HOTEL ASSOCIATION OF CANADA

The Hotel Association of Canada is a national association dedicated to identifying and understanding the most critical challenges faced by our industry. We bring together hospitality leaders and key stakeholders to collaboratively problem-solve and mobilize for action. We translate complex industry data into actionable insights. Through strategic advocacy efforts, we advocate for legislative solutions that create policy impact, while elevating our membership base through innovative and sustainable programming to ensure our industry’s continued growth and success. A cornerstone of Canada’s tourism sector, the hotel industry generates \$30 billion in annual revenue, \$12 billion in government taxes across all three levels, and employs over 320,000 Canadians.