

Rural Development Action Plan Consultation Submission

How can existing federal initiatives be improved to better address the unique challenges and opportunities faced by your rural community?

Many rural communities rely heavily on tourism as a driver of economic growth. According to Destination Canada, 79% of Canadians in rural areas believe tourism positively impacts communities across Canada, and 72% support tourism growth. Yet the sector's ability to deliver this growth is constrained by labour shortages. HAC's 2025 Spring Workforce Survey shows that 82% of hoteliers in resort regions and 58% in small towns reported staffing challenges in the off-season. During peak season, shortages remained widespread, affecting 60% of resort hotels and 64% of hotels in rural regions. Federal initiatives can be improved to ensure Canada's domestic and international workforce is targeted and positioned to sustain rural tourism.

DOMESTIC WORKFORCE

A) Modernize federal youth employment programs for seasonal realities

Federal youth employment programs are valuable but poorly aligned with the realities of seasonal industries like hospitality, particularly in rural areas. Many employers struggle to attract younger workers, with 68% of rural hoteliers identifying low youth interest in hospitality careers as a recruitment challenge. Programs, such as the Canada Summer Jobs, the Student Work Placement Program, and the Youth Employment and Skills Strategy should be updated to align with the seasonal demands and labour market realities of hotels.

Recommendations:

- Expand eligibility to include hotel-related careers that are not traditionally part of apprenticeship programs but require significant training and specialized expertise.
- Expand eligibility to businesses with 99 full-time employees, aligning with ISED's definition of a small business
- Make program timelines and funding more flexible to align with the seasonal demands and labour market realities of hotels.

B) Support staff housing development

Housing shortages are one of the most significant barriers to workforce attraction in rural communities. In response, rural and resort-based hoteliers are already stepping in to fill gaps: 24% of rural hoteliers provide staff housing—more than double the rate of urban hotels (11%). Federal programs should build on this demonstrated leadership by reducing barriers to staff accommodation.

Recommendations:

- Access to CMHC mortgage insurance and preferential lending rates for staff housing
- Rental housing GST-refund eligibility for hotels that are building staff housing

- Higher Capital Cost Allowance rate for staff housing

INTERNATIONAL WORKFORCE

Canada's domestic labour pool, which continues to decline, is not large enough to meet the hospitality sector's most in-demand roles, particularly in rural areas. To address ongoing labour shortages, federal immigration programs must be adapted and prioritized for industries like hospitality, where the need for seasonal workers is both urgent and structural.

A) Adapt the Rural Community Immigration Pilot

The Rural Community Immigration Pilot is a positive step toward addressing regional labour market needs; however, it does not reflect the realities of the hospitality sector. The program is designed for "skilled" workers and does not reflect the needs of sectors impacted by seasonality, such as hotels, who may not require consistent staffing levels year-round.

Recommendation:

- Expand eligibility to include seasonal and recurring positions: Allow employers in designated sectors, including hospitality, to support applications for workers in seasonal or recurring roles where labour demand is predictable but not year-round.

B) Optimize the Temporary Foreign Worker Program for rural employers

Without access to other immigration pathways for "low-skilled" workers, hotel employers turn to the Temporary Foreign Worker Program to fill critical workforce gaps. Restrictions to the Temporary Foreign Worker program are intensifying these difficulties: in HAC's Spring 2025 Workforce Survey, half of rural hoteliers (48%) said the 2024 changes to the Temporary Foreign Worker program negatively impact their business.

Recommendations:

- Remove the 20% cap on TFWs for rural and remote hotels to alleviate immediate staffing shortages.
- 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 TFWs across multiple seasons.
- Establish stable pathways to permanent residency for Temporary Foreign Workers.

What kinds of policy changes or initiatives would make the greatest difference to the long-term sustainability of your region, and how can we measure their success? What nation-building projects could contribute to this sustainability?

Long-term regional sustainability depends on a reliable workforce. As Canada faces an aging population and fertility rates at an all-time low, rural employers must rely on immigration to maintain their workforce.

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The Canadian International Workforce Program, outlined in the Reimagining Immigration paper and led by Nancy Healey, Commissioner for Employers, is a nation-building project designed to address these structural workforce challenges. It is a large-scale, transformative initiative aimed at strengthening Canada’s economy, resilience, and regional sustainability. By creating durable, well-designed pathways for TEER 4 and 5 workers, hotels can plan for growth, maintain services, and build a sustainable workforce over the long term.

Recommendations:

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- 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 TFWs across multiple seasons.
- Adopt the proposed Canadian International Workforce Program to establish stable pathways to permanent residency for Temporary Foreign Workers
 - Include a temporary stream to meet seasonal and short-term low-skilled needs, as well as a permanent stream for low-skilled, year-round positions.