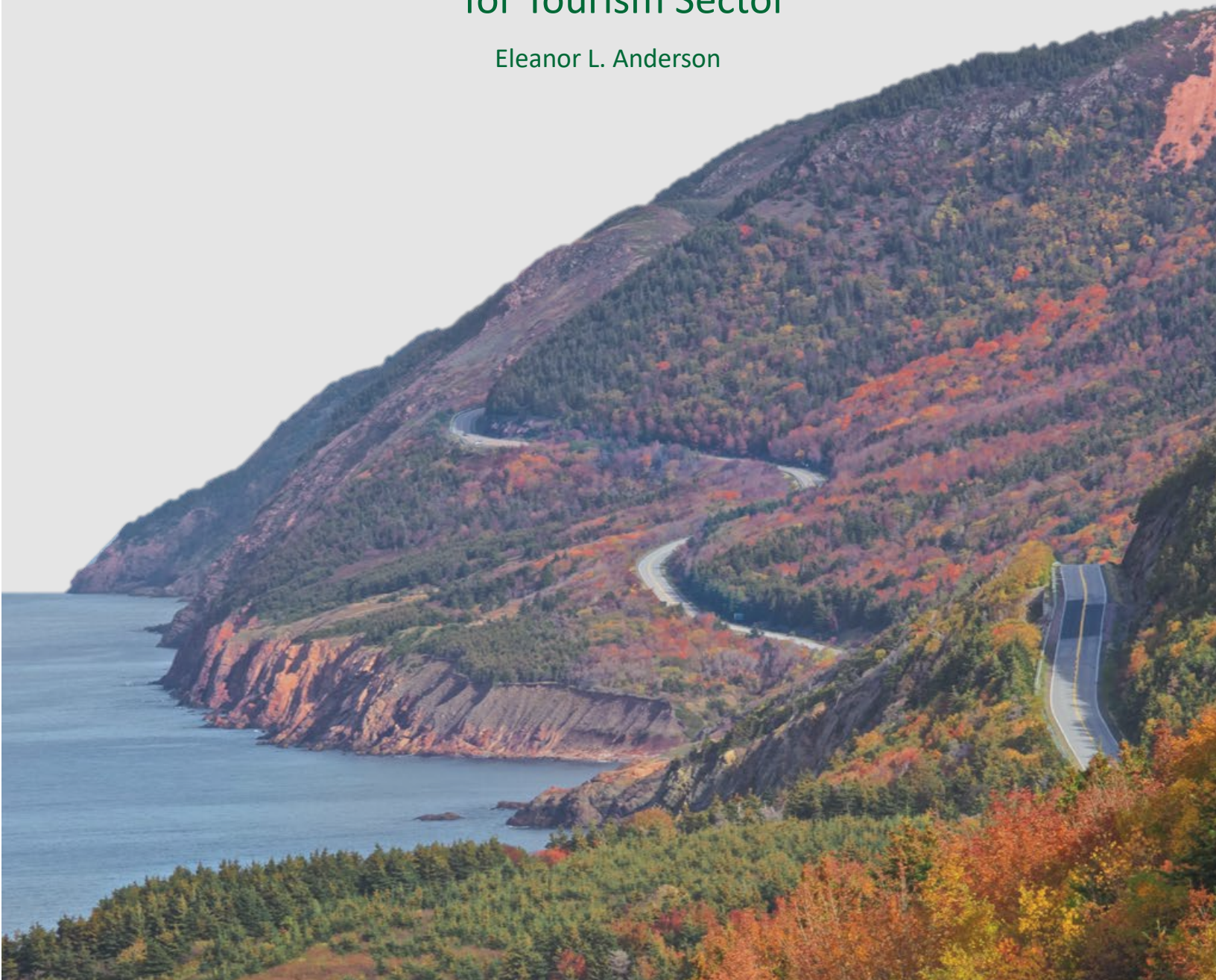




Unama'ki - Cape Breton Island Tourism Case Studies

Unama'ki - Cape Breton Staff Housing Challenges for Tourism Sector

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Cape Breton Island has long been lauded as one of the most beautiful Islands in the world. Cape Breton University has delivered well-established tourism and hospitality training for decades and is a leader in the field of such undergraduate training in Canada. The World Tourism Institute (WTI) at CBU is perfectly positioned and timed to leverage, support, and enhance, a growing tourism industry at home and globally.

The World Tourism Institute (WTI) was founded at Cape Breton University (CBU) in 2019 with a strong foundation rooted in the depth and diversity of the Cape Breton Island Tourism Sector, the long history of Tourism and Hospitality programming at CBU and the established industry and community relationships.

In 2022, the WTI secured \$2.24 million, 3 year project running February 2022 to 2025, for training and research funding from the Canadian government to stimulate post-pandemic recovery, build capacity and grow opportunities for Cape Breton Island's Tourism Sector. This project is called the **Cape Breton Island Tourism Training Network (CBITTN)**.

CBITTN Objectives:

- Ensure inclusivity in all development activities.
- Work with Mi'kmaw partners to explore, design and implement community-based credit programs in Indigenous tourism.
- Develop a foundation of accessible, timely and credible research which will support decision-making by the industry and act as a catalyst in innovation and entrepreneurialism in tourism.
- Identify training gaps and needs associated with labour shortages.
- Promote education and professional certifications for the tourism industry, including the development of micro-credentials and customized training programs.

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Please note that the accuracy of these case studies is subject to change since the publication date. The individuals interviewed may no longer be affiliated with the respective tourism operations or businesses. Changes in business practices, ownership, and other relevant details may have occurred since the time of writing.



This project is funded in part by the
Government of Canada's Sectoral Initiatives



INTRODUCTION

As a result of the global pandemic, the tourism and related sectors faced an exodus of employees, losing a staggering 63 million jobs globally in 2020 and 263,000 jobs in Canada (statista.com). In Canada, the collapse of the tourism market led a significant portion of the tourism workforce to re-skill and retrain to enter more reliable sectors such as healthcare and related fields.

Being a competitive tourism destination requires a skilled and ready workforce. As pandemic restrictions loosened, travel started to rebound, and the tourism sector found itself with an increasing demand for its offerings combined with a dwindling skilled workforce. The sector turned to more aggressive and creative recruitment and retention strategies including, in some operations, enhanced salaries and benefits – all in attempt to bolster their teams and meet the post-pandemic demand.

According to Destination Cape Breton's 10-year Strategic Plan, RiseAgain#2030, the tourism industry on Unama'ki Cape Breton had been experiencing unprecedented growth in the years leading up to the pandemic. Covid-19 had devastating consequences for the tourism sector world-wide and Cape Breton Island did not escape the impacts. According to Statistics Canada, 2016:

- 1 in every 10 jobs in Cape Breton are in the Tourism Sector:
- 1 in every 8 business on Cape Breton Island are tourism related
- Cape Breton Island accommodations represents nearly 20% of all room nights sold in Nova Scotia
- Cape Breton Island generates approximately 15% of all revenue generated by the tourism industry in Nova Scotia

Cape Breton Island's tourism product is a rural one, requiring employees be resident nearby or to have access to adequate transportation. With no island-wide transportation system, housing options for staff has become increasingly important for tourism operators to sustaining adequate staffing levels and delivering quality visitor experiences.

WHAT THE RESEARCH SHOWS

The Association of Industry Sector Councils conducted a 2021-22 Nova Scotia Workforce Insights survey and found that across all sectors in all Nova Scotia regions, 16.2% of business operators identify a lack of housing options for potential employees as a recruitment challenge. When focusing on the tourism sector, the impact of a lack of housing is much more significant than it is for the general labour force. A little under one-third (27.8%) of Nova Scotia tourism industry

operators report that a lack of housing contributes to recruitment challenges. Furthermore, this issue is even greater on Cape Breton Island. Almost half of Cape Breton Island tourism operators (45.2%) report a lack of housing options for potential employees as a recruitment challenge. This shows that a lack of housing has a greater impact on recruitment of new employees in the tourism industry in comparison to other industries. Additionally, a lack of housing on Cape Breton Island has a greater impact on tourism related recruitment than it does in other Nova Scotia economic regions.

In addition to disrupting the recruitment of new employees, a lack of housing also impacts companies' ability to retain employees. Across all sectors in all regions of Nova Scotia, 11.1% of business operators identify a lack of housing options for employees as a challenge to employee retention. However again, the impact on the tourism sector is much greater. Nova Scotia tourism operators were almost twice as likely (19.4%) to identify a lack of employee housing as a challenge to employee retention. In the Cape Breton tourism industry, 34.1% of operators identify a lack of housing options for employees as a retention challenge. This shows that, as with recruitment, a lack of housing has a greater impact on retention of new employees in the tourism industry in comparison to other industries and that a lack of housing on Cape Breton has a greater impact on retention than it does in other Nova Scotia economic regions. For Cape Breton tourism operators, a lack of housing was tied for the most common retention challenge next to "difficulty retaining qualified labour in the local area".

Additional tourism housing research was conducted by the World Tourism Institute (WTI) at Cape Breton University in 2022 and 2023. Of 36 Cape Breton Island operators surveyed in 2022, the WTI found that over half of Cape Breton tourism operators felt that they did not have enough employees. Furthermore, for those Cape Breton tourism operators who felt they did not have enough employees, the number one cited reason for this hiring challenge was shortages in available housing. Over half (61.1%) of Cape Breton tourism operators believed that a shortage of affordable housing is a major cause of employee recruitment challenges. Additionally, 31.4% of Cape Breton tourism operators cited housing as an anticipated operational challenge for their upcoming 2023 season.

Further evidence of the impact that housing deficits have on the Cape Breton Island tourism industry can be found in a 2022 survey of individuals who left the Cape Breton tourism industry conducted by the WTI. This survey found that 18.2% of former Cape Breton Island tourism industry employees indicated that a lack of affordable housing was a factor in their seeking alternative employment. Moreover, 30% of the survey participants who had exited the industry responded that provided housing would have kept them from leaving the tourism industry and 27% responded that provided housing would convince them to return to the tourism industry.

The findings of the World Tourism Institute's 2022 research showing that a lack of appropriate housing was having an impact on Cape Breton Island tourism employment were reinforced by supplemental surveys the following year. In the fall of 2023, an in-person Cape Breton tourism operator survey found that one-third of operators identified a lack of housing as impacting their ability to hire employees. Between 2022 and 2024, there have been few changes to mitigate the lack of housing on Cape Breton Island.

WORKFORCE HOUSING IN UNAMA'KI - CAPE BRETON

Keltic Lodge in Ingonish, Cape Breton, offered residential housing onsite for decades. Along with a strong reputation and high-quality service (and resulting gratuities) staff housing option was an excellent employee recruitment tool for the property. The residence was aging and in disrepair which generated increasing complaints from employees and garnered negative media attention. As such, the staff residence at Keltic Lodge lost its appeal for seasonal workers. The Keltic Lodge and the staff residence closed in the spring of 2024 with re-opening plans uncertain.

Ingonish has attracted new tourism investment in recent years, specifically an ambitious project at Cape Smokey. As the ski hill works hard to develop a four-season product offering, the draw on the available labour force is significant. The local community labour pool is not sufficient to meet the destination's demand. To address the needs and potential of Cape Smokey as a growing destination, the Island's destination marketing organization began working with the Municipality of Victoria County to develop a pilot project building multi-unit affordable housing in Ingonish.

Cabot Links and Cabot Cliffs are two world class golf courses located in Inverness, Cape Breton, rural operations requires housing for some of their employees. To meet their workforce needs, they purchased an aging motel approximately twenty kilometers away with a capacity to house 40 seasonal employees. This is an ambitious and creative solution to their labour problem and not one that all operators can afford. Initially there were some issues with this option such as inconsistent internet access and the need for shuttle transportation to and from the golf resort.

Small, private operators are exploring creative solutions to the staff housing challenge. Jay Rawding, owner and operator of both the Highland Bow & Arrow and the Wreck Cove Wilderness Cabins on the Cabot Trail in Victoria County identified staff housing as a challenge for her operation immediately upon buying the business in 2019. She realized that most of the residences that might have been available to purchase or rent in the area had been turned into short-term rentals (Airbnb). With no government support, she took matters into her own hands and built a 12 x 12 cabin for staff. While a somewhat off-the-grid experience, there was a private washroom, laundry, and office space close by. Rawding says that this capital investment is

projected to deliver a good return as it fits the needs of the business, and her staff needs for now.

Building adequate staff housing for year-round operations will require government support as currently there are no grants, incentives, or financial options designed to meet staff housing challenges for rural tourism operations.

CONCLUSION

Building adequate staff housing for year-round operations will require government support as currently there are no grants, incentives, or financial options designed to meet staff housing challenges for rural tourism operations. Other small businesses across Cape Breton Island that are exploring staff housing solutions include: Live Life Intents, Periwinkle Café, Mainstreet Restaurant, Wreck Cove General Store, and Cabot Shores Resort.

ALTERNATIVE DECISIONS

1. While the culture of compensation and benefits across the tourism sector have improved since the pandemic, the tourism sector in Cape Breton is not competitive with other sectors. To make the sector more attractive to workers, enhanced wages and benefits must be offered. Housing for staff must be options as part of the recruitment and retention process, especially for seasonal operations.
2. Tourism policy makers such as local municipal, provincial, federal governments, First Nations communities and Destination Cape Breton must advocate and collaborate for staff housing, developing affordable and safe, centrally located staff accommodations.
3. Destination Cape Breton and/or the Cape Breton Partnership (Unama'ki Cape Breton's economic development agency) should independently or together, build a research program that would continue to gather information outlining the staff housing situation for the tourism sector, using the World Tourism Institute data as a benchmark, building upon it, and sharing it with the sector and investors for better decision making.

INSTRUCTOR GUIDE: STUDY CASE QUESTIONS FOR STUDENTS

1. What can individual tourism operators do to meet the housing challenges facing the Cape Breton Island tourism sector?

2. Is it a good return on investment to develop capital infrastructure projects to address the lack of staff housing for the tourism sector across Cape Breton Island.
3. After having identified a need for staff housing, how would you go about approaching investors and developers to help develop the opportunity?
4. Other than building staff housing, what solutions can you think of for increasing the number of living spaces for tourism employees?

SOURCES

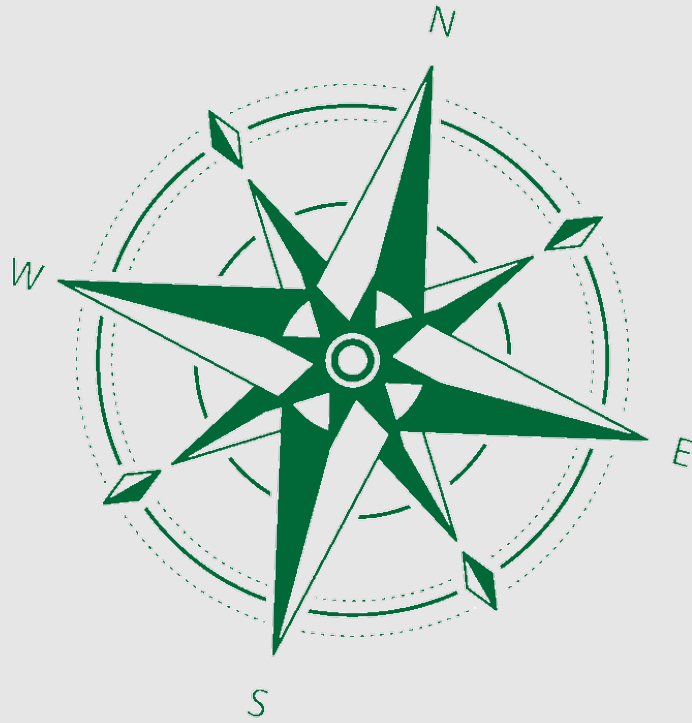
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CBITTN 2022 Operator Gap Survey

CBITTN 2022 Tourism Industry Exit Survey

CBITTN 2023 Operator In-Person Gap Survey

[Migrant worker alleges unhealthy conditions in staff residence at Cape Breton resort](#)



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