

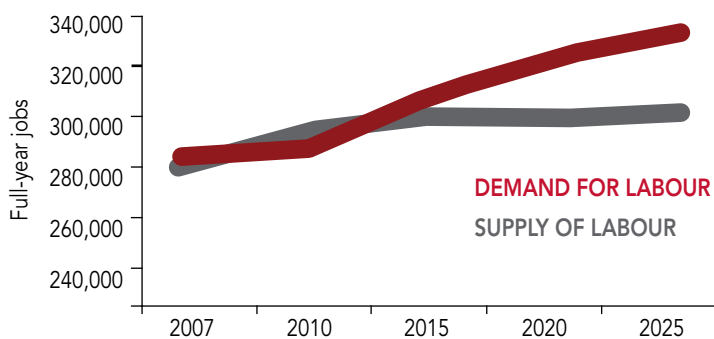


THE FUTURE OF CANADA'S TOURISM SECTOR: ECONOMIC RECESSION ONLY A TEMPORARY REPRIEVE FROM LABOUR SHORTAGES

Canada's tourism sector is facing a potentially severe shortage of labour over the next 15 years. The Baby Boomer generation, which makes up 30% of the labour force, is beginning to reach the age of retirement, which will cause labour force growth to slow significantly. At the same time, demand for labour in the tourism sector will continue to grow and the pool of available workers will have an increasingly difficult time keeping up.

Demand for tourism-related goods and services in the Recreation and Entertainment industry is forecasted to skyrocket from just over \$19.9 billion in 2007 to \$28.9 billion in 2025. The consequences of the predicted labour shortage, such as the inability of tourism sector businesses to meet demand, could cost Canada billions of dollars.

Overall tourism employment is expected to rise from nearly 1.65 million full-year jobs in 2007 to over 1.90 million full-year jobs in 2025. The growth rate is expected to be brisk between 2007 and 2015, when it is expected to slow until 2025. The Recreation and Entertainment industry will see increases in potential tourism labour supply over the next 15 years. Employees filled 281,625 full-year jobs in 2007 and this is predicted to grow to over 303,000 jobs in 2025, an increase of more than 21,717. However, demand will greatly outstrip the supply of labour. By 2025, demand for labour could support over 335,000 jobs in the Recreation and Entertainment industry if there were enough employees available to fill them.

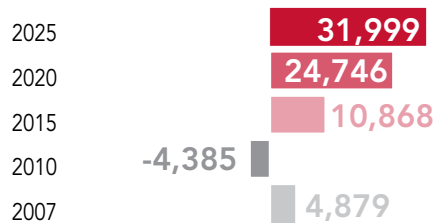


The Canadian tourism sector experienced a tight labour market in the years leading up to the economic recession. The weak economy has provided a temporary reprieve but projections

indicate that labour shortages will not only re-emerge, but they will worsen progressively until 2025. Of the five industries within the tourism sector, Recreation and Entertainment and Food and Beverage Services have the greatest potential for labour shortages.

The deterioration of global economic conditions in 2008 reduced demand for employment in the tourism sector and curbed the growth of tourism revenue. While market conditions are expected to improve in 2010, labour surpluses are forecast to remain for all tourism industry groups with shortages returning by 2012. In that year, the supply of labour in the Recreation and Entertainment industry will fall short of demand by 1,548 full-year jobs. By 2025, the Recreation and Entertainment industry is expected to fall short of demand by over 31,000 full-year jobs.

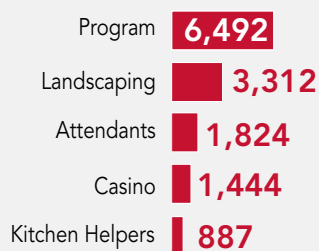
LABOUR SHORTAGE



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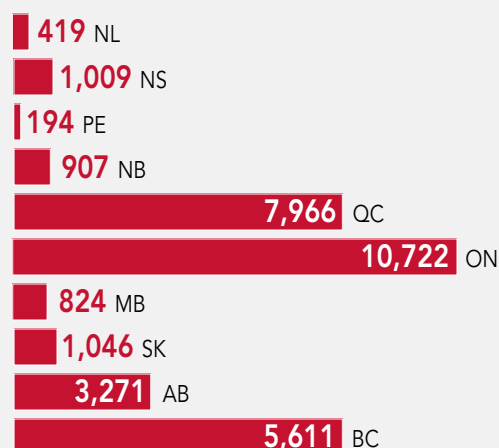
Program leaders and instructors in recreation and sport are among the top five occupations in the entire tourism sector that are expected to have the most significant labour shortages by 2025. Within the Recreation and Entertainment industry significant shortages are also expected for: landscaping and ground maintenance labourers, attendants in amusement, sport and recreation, casino occupations, and food counter attendants and kitchen helpers (see graph, "Shortage by Occupation").

SHORTAGE BY OCCUPATION



Raising wages, a common employer strategy to attracting employees, could mitigate labour shortages temporarily. While this strategy would work in the short term, ultimately it would result in businesses passing the higher overhead to their customers, which would harm the industry's potential for growth by reducing demand for tourism. Instead, the tourism sector must pull together in a proactive collaborative movement to reduce the impact of these potential shortages.

SHORTAGE BY PROVINCE



ALTERNATIVE SCENARIOS THAT COULD AFFECT POTENTIAL LABOUR SHORTAGES

This update of the Tourism Labour Supply and Demand study examined a variety of scenarios, including two that could increase the potential supply of labour in the tourism sector.

Increasing the awareness and attractiveness of the tourism sector workplace, with a particular focus on entry-level tourism occupations was seen to be a viable strategy for increasing the available workforce. The analysis showed that if the tourism sector increased the employment rate of entry-level tourism occupations

by 1% per year over 10 years, it could reduce the potential labour shortage in the Recreation and Entertainment industry from 31,999 to 22,236 jobs.

Accelerating the rate at which recent immigrants to Canada enter the labour force would also benefit the tourism sector. According to the analysis, accelerating the rate at which new immigrants enter the tourism workforce could increase the supply of labour enough to fill 30,363 full-year jobs by 2025. Of those, 1,733 would be in the Recreation and Entertainment industry. Other long-term benefits to this strategy include improved retention and, if other sectors are less competitive in this area, a larger immigrant labour force available for work in the tourism sector.

FAST FACTS—Recreation and Entertainment

- Demand for labour in the Recreation and Entertainment industry could support 335,341 full-year jobs by 2025.
- It is expected that the supply of labour will fall 9.5% short of labour demand over the next 15 years. This is equivalent to 31,999 jobs going unfilled – the second largest shortfall among tourism industries.
- Ontario faces the largest number of Recreation and Entertainment shortages. In that province the 10,722 industry jobs will go unfilled by 2025.
- Increasing the attractiveness of entry-level jobs in the tourism sector by 1% per year over the next ten years would fill an extra 9,763 full-year jobs in the Recreation and Entertainment industry.

FAST FACTS—Canada

- The tourism sector in Canada is facing a potential labour shortage of 219,000 full-year jobs by 2025, leaving 10.3% of potential labour demand left unfilled.
- Food and Beverage Services is projected to face the largest potential shortage among all tourism industry groups, at 142,000 full-year jobs by 2025. Four of the tourism occupations expected to be hit hardest by labour shortages are in this industry.
- Ontario, B.C. and Quebec are the provinces facing the largest shortfall in tourism labour, but the Atlantic provinces could endure the most acute shortages as a percentage of overall demand.
- Tourism stakeholders have identified urgent issues the tourism sector and all levels of government must address in order to proactively respond to potential labour shortages. For further details, please view the full Tourism Labour Supply and Demand report at: www.cthrc.ca

ABOUT THIS STUDY

This study represents the most recent update to the ongoing Tourism Labour Supply and Demand project, conducted by the Canadian Tourism Human Resource Council (CTHRC) and The Conference Board of Canada.

The study quantifies the implications of long-term demographic and economic trends on the supply and demand for labour in Canada's tourism sector, and outlines potential labour shortages by industry and occupation, as well as by province and sub-provincial region.

Canada

This project is funded by the Government of Canada Sector Council Program

The full report is available on the CTHRC website:
www.cthrc.ca

Summary brochures for Canada and each of the provinces can also be found at www.cthrc.ca

For more information contact: research@cthrc.ca

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