

WHAT'S INSIDE:

This report presents the latest update to the ongoing Tourism Labour Supply and Demand project. The study quantifies the implications of long-term demographic and economic trends on the supply and demand for labour in Canada's tourism sector. It outlines potential labour shortages by industry and occupation, as well as by province and metropolitan area

THE FUTURE OF CANADA'S TOURISM SECTOR:

ECONOMIC RECESSION ONLY A TEMPORARY REPRIEVE FROM LABOUR SHORTAGES

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Executive Summary

Canada's tourism sector is facing a potentially severe shortage of labour over the next 15 years. The latest update of the Tourism Labour Supply and Demand study shows that as demand for labour grows, the pool of available workers will have an increasingly difficult time keeping up. Canada's population is aging, causing a significant deceleration in labour force growth over the long term. The consequences of labour shortages—such as missed opportunities for investment in the sector and the inability to meet potential demand—could cost Canadian tourism businesses billions of dollars.

Similar to many other sectors of the Canadian economy, tourism suffered from the effects of tighter labour markets in the years leading up to the economic recession of 2008–09. Weak economic conditions have provided a temporary reprieve, but the Conference Board's latest projections suggest labour shortages will re-emerge and worsen progressively over the next 15 years. By 2025, the sector's supply of labour could fall short of potential demand by an estimated 219,000 jobs, leaving 10.3 per cent of potential labour demand unfilled.

In fact, labour shortages in the tourism sector are projected to increase substantially within the next few years, as the baby-boom generation transitions into retirement. Baby boomers (those born between 1947 and 1966) make up nearly 30 per cent of the Canadian population, and their exodus from the labour force will significantly reduce labour supply. Rising immigration and a higher degree of labour market participation by women will partially offset the departure of baby boomers, but these two factors will not be enough to sustain sufficient long-term growth in the Canadian labour force. Moreover, declining birth rates will likely curb the future growth of young entrants to the labour force, and these young workers are a critical source of labour for the tourism sector.

The tourism sub-sector expected to face the most acute labour shortages over the long term is food and beverage services: by 2025 this industry could face a potential shortage equivalent to 142,000 full-year jobs. What's more, four of the five tourism occupations expected to have the most significant worker shortages are in this industry. The industry could suffer a shortage of food-counter attendants and kitchen helpers equivalent to 49,000 full-year jobs and a shortage of food and beverage servers equivalent to 43,000 full-year jobs by 2025. Cooks, bartenders, and program leaders and instructors in recreation and sport round out the top five occupations with the greatest forecast labour shortages.

Generally, the provinces and cities that employ the largest number of workers in the tourism sector—Ontario, Quebec, British Columbia, and Alberta—are those that will experience the largest shortages in the future. However, Atlantic Canada is expected to endure the most acute shortages as a percentage of overall potential labour demand, ranging from 12.8 per cent in Prince Edward Island to 17.1 per cent in New Brunswick.

This study update also examined the impact of high oil prices on future labour demand in the tourism sector, if, hypothetically, the price of oil rises to US\$175 by 2014. The analysis found that the fall-off in travel demand that would occur in this scenario would reduce the potential demand for labour, but

labour shortages would still exist within specific tourism industries. The results of this scenario suggest that even if a shock of that magnitude hits the tourism sector in the coming years, it would still be critical for the sector to respond proactively to potential labour shortages.

Priorities for Addressing the Looming Labour Shortage

Economic theory suggests that tight labour conditions will inevitably lead to higher wages as the competition for workers intensifies. But using wage increases as the sole strategy for attracting workers is an untenable solution in the long run. It is true that labour shortages could be alleviated if wages were increased enough, but it would also force employers to pass the cost increases on to customers, thereby stifling tourism demand and imposing a heavy toll on the tourism sector's profitability. This is clearly not a desirable outcome. Instead, raising the productivity of the tourism sector and increasing the sector's labour supply at the prevailing wage rate are much more effective solutions.

The Conference Board's latest forecast analyzed the potential outcome of two methods of growing the tourism sector's potential labour supply: increasing the attractiveness of entry-level (or near-entry-level) tourism occupations; and accelerating the pace at which new immigrants are able to enter the tourism workforce. The analysis showed that both strategies could help increase the potential supply of tourism labour and thus help ease future shortages.

Tourism sector stakeholders have identified a number of urgent issues the broader tourism sector and all level of governments should address in order to proactively respond to potential labour shortages. These priority actions are viewed as having the greatest impact on expanding the future supply of labour in the tourism sector and on improving labour force productivity.

Priorities for the tourism sector:

- Enhance the image and appeal of tourism jobs; the tourism sector must ramp up its efforts to collectively promote tourism as a viable career option for young people. This could be accomplished by:
 - Showcasing the professional benefits of a tourism career to students
 - Adjusting to the needs and expectations of younger workers
 - Increasing the focus on skills training
 - Expanding the number of standardized certification programs
- Create partnerships to share part-time or seasonal workers between businesses
- Develop international work exchange programs

Priorities for government action:

- Address shortcomings in the Temporary Foreign Worker Program
- Revise Employment Insurance and Canada Pension Plan regulations
- Facilitate the transition of new immigrants into the workforce
- Provide tax incentives for training
- Increase tourism marketing efforts
- Increase awareness of current programs and services

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Introduction

This report presents the 2010 update of the Tourism Labour Supply and Demand study, conducted by the Canadian Tourism Human Resource Council (CTHRC) and The Conference Board of Canada. The study identifies the extent of potential labour shortages in the tourism sector over the long term, by tourism industry and occupation, and by Canadian province and sub-provincial region. This update incorporates the effects of the economic recession of 2008–09 to determine its impact on the long-term outlook for labour supply and demand in the tourism sector.

Many sectors of the economy, including tourism, are facing a tightening labour market in Canada that will lead to severe workforce shortages in the future—shortages that will be much worse than those experienced in the years leading up to autumn 2008. The recession in 2008–09 temporarily slowed the onset of workforce shortages, as mounting job losses slackened Canada’s labour market. However, as the economy recovers through 2010 and beyond, the labour market will begin tightening again, leading to widespread shortages in the tourism sector.

In addition, the economic recession did not affect labour markets equally across the country or across different segments of the tourism sector. Many regions across Canada continued to report labour challenges in certain areas despite the slackness in the overall labour market, providing a glimpse of the segments that may be hardest hit in the future when severe workforce shortages re-emerge.

If the tourism sector fails to plan adequately for tightening labour markets, it could reduce its long-term growth prospects by billions of dollars. But rather than accepting future labour shortages as a *fait accompli*, this study provides a broader perspective on the cumulative effect of missed opportunities and unfulfilled demand that could potentially arise from worsening labour shortages. By identifying these missed opportunities, tourism stakeholders can take action to limit the constraints these labour shortages will impose on the long-term performance of the tourism sector.

Project Overview

This 2010 study update was conducted in four stages:

1. Labour Supply and Demand Model Update (Preliminary Projections)—October 2009

The Conference Board updated its macroeconomic forecasting model to revise its labour supply and demand projections for the tourism sector, using the latest (2007) information from the Human Resources Module of the Tourism Satellite Account.

The Conference Board’s modelling of potential labour shortages in Canada’s tourism sector is based on three components:

- A baseline forecast of potential labour demand: an extension of spending projections on tourism goods and services made by Canadians and foreigners, as well as assumptions about the tourism sector’s productivity

- A baseline forecast of the potential supply of labour to the sector: derived from projections of Canada’s population, including immigration, and the propensity of people to fill jobs in the tourism sector
- A market adjustment mechanism: the way in which the marketplace is expected to cope with potential supply and demand imbalances

2. Online Survey—October to December 2009

An online survey was conducted among tourism businesses across Canada to obtain industry feedback on the effects of the 2008–09 economic recession. The results were benchmarked against the previous survey conducted between December 2008 and January 2009, to obtain a snapshot of the extent of the impact of the recession on tourism demand and labour issues over the past year. The survey also compared current and future labour issues among tourism businesses relative to other challenges, and by industry group.

3. Regional Focus Groups—October to December 2009

Focus group consultations were held in 14 regions across the country to gather feedback from tourism industry stakeholders about the effects of the economic recession. Participants were also presented with preliminary projections from the Conference Board’s update of its labour supply and demand forecast for the tourism sector. Topics discussed during the focus groups included the impact of the economic recession on tourism revenues and labour issues, the outlook for 2010, labour challenges facing the tourism sector over the next three to five years, and priority action areas for the tourism sector and the government.

The findings from the focus group discussions contributed to the development of a priority action list, which presents urgent issues the tourism sector and the government must address in order to respond effectively to worsening labour shortages.

4. Labour Supply and Demand Model—completed in January 2010

The Conference Board finalized its labour supply and demand forecast by incorporating the input obtained from tourism sector stakeholders via the online survey and the regional focus group consultations. The Conference Board also elicited feedback on its projections for regional tourism demand in a separate survey of Canadian destination marketing organizations.

The forecasts are presented by industry group, by Canadian sub-provincial region, and by tourism occupation. The study update also presents the findings of three new alternative scenarios that could potentially affect the demand and supply of labour in the tourism sector over the long term: the consequences of a sharp rise in oil prices; the effect of increasing the attractiveness of entry-level tourism occupations; and the impact of accelerating the rate of tourism sector employment of new immigrants.

The results of the forecast provide employers, educators, and other stakeholders with the most current information about the potential extent of future labour shortages in the tourism sector. It is hoped the results will be viewed as a “call to action,” to ensure the full extent of projected labour shortages never materializes.

Summary and Trends

Overview

Canada's tourism sector is facing a potentially severe shortage of labour over the long term. Research has shown that as the demand for labour continues to grow, the pool of available workers will have an increasingly difficult time keeping up. Canada's population is aging, causing a significant deceleration in labour force growth over the long term. In the years ahead, the challenge of finding enough people to fill tourism jobs will intensify—so much so that missed opportunities and the inability to meet potential business demand could cost the industry billions of dollars.

The Canadian economy entered a recession at the end of 2008, which provided a temporary reprieve from the tight labour markets seen in the years leading up to the downturn. However, as the economy recovers, it will begin to fuel growth in demand for tourism services, causing the gap between labour supply and demand to expand again.

Labour shortages in the tourism sector are projected to ramp up substantially within the next few years. Baby boomers—those born between 1947 and 1966—make up almost 30 per cent of the Canadian population. The oldest members of the baby boom generation turn 63 this year, which means that baby boomers are beginning to reach retirement age. The exodus of this demographic cohort from the Canadian workforce will have a dramatic impact on labour supply. Rising immigration and a higher degree of labour market participation by women will partially offset their departure, but these two factors will not be enough to sustain sufficient growth in the Canadian labour force over the long term.

The negative consequences of these demographic changes will be magnified in the tourism sector. Baby boomers are expected to be a major force behind the healthy growth in tourism demand projected over the long term. Yet the departure of this cohort from the labour force will exacerbate the shortfall of workers. Moreover, declining birth rates are expected to curb the growth of young entrants to the labour force, and these young workers are a critical source of labour for the tourism sector.

This study has assessed the potential impact of these labour market trends on the tourism sector. The following sections present the Conference Board's projections for the potential demand and supply of labour in the tourism sector over the next 15 years. Also examined are several alternative scenarios that could potentially change the long-term outlook for the tourism labour market.

Potential Demand for Tourism-Related Goods and Services

The updated forecast of the potential demand for tourism-related goods and services in Canada suggests that demand could rise from nearly \$157 billion in 2007 up to \$223 billion in 2025 (at inflation-adjusted 2002 dollars). Growth in demand is expected to be strongest between 2010 and 2015, when baseline demand is forecast to increase at an average annual rate of 2.7 per cent per year. Over the long term, although potential demand for tourism-related goods and services will keep expanding at a healthy pace, growth will ease as domestic demand for tourism and associated non-tourism activity (such as local residents dining in a local restaurant) moderates and growth in the Canadian population

slows. Changing demographics in Canada’s domestic travel market will also play a role in the deceleration of growth in demand.

Tables 1A and 1B present the expected growth of tourism demand and associated non-tourism demand out to 2025. Tourism demand is the spending by Canadian and non-resident visitors on tourism-related goods and services. This includes spending on tourism goods and services, such as accommodation and transportation, as well as spending on other goods and services related to tourism activity, such as retail purchases. Non-tourism demand represents spending on tourism goods and services generated by non-tourism activities, such as local residents dining in a local restaurant.

Over the next 15 years, growth in tourism demand is expected to outpace growth generated by related non-tourism activities. Spending by domestic and foreign visitors on tourism activities in Canada could rise from \$65.5 billion in 2007 to \$94.5 billion in 2025, a potential increase of 44 per cent. Meanwhile, spending on tourism goods and services generated by non-tourism activities could grow from \$91.1 billion in 2007 to \$128.5 billion in 2025, a potential gain of 41 per cent.

Table 1A: Potential Tourism and Associated Non-Tourism Demand in Canada*
(2002 \$ millions)

	2007	2010	2015	2020	2025
Tourism demand	65,500	65,174	75,641	85,180	94,500
Domestic	50,415	51,384	59,742	66,669	72,950
Foreign	15,086	13,795	15,907	18,519	21,560
Non-tourism demand	91,131	93,216	105,256	116,717	128,476
TOTAL DEMAND	156,631	158,389	180,897	201,896	222,976

*Note: The total demand figures reported in this table exceed those in Appendix C because tourism demand includes spending by tourists on non-tourism good and services, such as retail purchases. Non-tourism goods and services are not included in the tables shown in Appendix C.

Table 1B: Potential Tourism and Associated Non-Tourism Demand in Canada
(2002 \$ millions, compound annual growth rate)

	2007–2010	2011–2015	2016–2020	2021–2025
Tourism demand	-0.2%	3.0%	2.4%	2.1%
Domestic	0.6%	3.1%	2.2%	1.8%
Foreign	-2.9%	2.9%	3.1%	3.1%
Non-tourism demand	0.8%	2.5%	2.1%	1.9%
TOTAL DEMAND	0.4%	2.7%	2.2%	2.0%

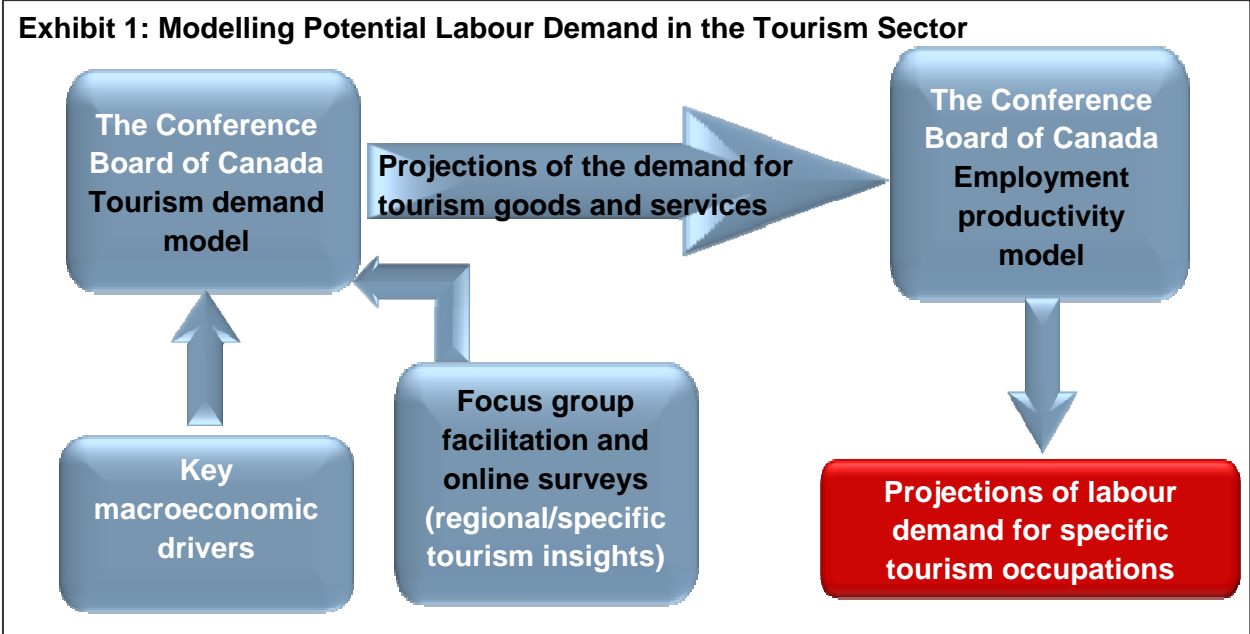
Although potential growth in tourism-related demand is expected to decelerate slightly in Canada during the next 15 years, the pace of growth will be strong enough to bolster the demand for labour in the tourism sector. Still, the deterioration in economic conditions over the last 18 months has dampened growth expectations compared with the previous forecast, especially over the short term.

Overall spending on tourism-related goods and services was expected to grow at a compound annual rate of 0.4 per cent between 2007 and 2010, with the weakest period of growth occurring in 2009.

Projections suggest overall demand slipped 2.9 per cent in 2009 from 2008, because of a 6.5 per cent drop in demand from tourism activities and a 0.8 per cent decrease in demand from non-tourism activities.

Potential Labour Demand in the Tourism Sector

Exhibit 1 provides a basic visual representation of how the analysis modelled the potential demand for labour in tourism jobs using the underlying projections of demand for tourism goods and services, as well as assumptions about the sector’s productivity.



Projections for Canada’s tourism sector indicate labour demand could grow from the equivalent of 1.67 million jobs in 2007 to 2.12 million jobs in 2025, a potential increase of nearly 27 per cent. (See Table 2A.) A job, for the purpose of this study, is defined as regular work for the period of one year, regardless of the number of hours per week. If the work—regardless of the number of hours per week—exists for only a fraction of a year, then it only counts as the corresponding fraction of a job.

Table 2A: Potential Labour Demand in Canada's Tourism Sector

(jobs)

	2007	2010	2015	2020	2025
Transportation	211,839	213,689	235,965	250,769	266,095
Air transportation	56,357	56,419	62,859	68,053	73,987
Rail transportation	6,113	6,105	6,597	6,749	6,839
Other transportation	149,368	151,165	166,509	175,967	185,269
Accommodation	238,088	244,396	269,889	282,156	297,129
Food and beverage services	890,511	922,505	1,011,698	1,084,661	1,160,857
Recreation and entertainment	286,505	289,762	312,586	326,484	335,341
Travel services	47,248	48,870	55,095	58,859	61,788
TOTAL LABOUR DEMAND	1,674,190	1,719,222	1,885,234	2,002,929	2,121,210

By far the largest increase in potential labour demand will occur in the food and beverage services industry. The industry could support 1.16 million full-year jobs by 2025, up from 890,511 full-year jobs in 2007. Growth in the demand for labour in this industry will remain strong up to 2015, and then ease slightly between 2015 and 2025.

The effects of the economic recession have tempered the short-term outlook for potential labour demand in the tourism sector, resulting in a slower pace of growth projected for the period between 2007 and 2010. Over that time, the potential demand for labour in the tourism sector was expected to grow at a compound annual rate of 0.9 per cent. Demand is then expected to pick up between 2010 and 2015, accelerating to a compound annual growth rate of 1.9 per cent. Over the long term, growth is expected to ease, slowing to a compound annual growth rate of 1.2 per cent between 2015 and 2025. (See Table 2B.)

Table 2B: Potential Labour Demand in Canada's Tourism Sector

(jobs, compound annual growth rate)

	2007–2010	2011–2015	2016–2020	2021–2025
Transportation	0.3%	2.0%	1.2%	1.2%
Air transportation	0.0%	2.2%	1.6%	1.7%
Rail transportation	0.0%	1.6%	0.5%	0.3%
Other transportation	0.4%	2.0%	1.1%	1.0%
Accommodation	0.9%	2.0%	0.9%	1.0%
Food and beverage services	1.2%	1.9%	1.4%	1.4%
Recreation and entertainment	0.4%	1.5%	0.9%	0.5%
Travel services	1.1%	2.4%	1.3%	1.0%
TOTAL LABOUR DEMAND	0.9%	1.9%	1.2%	1.2%

Among the provinces, Alberta is expected to generate the highest potential rate of growth in labour demand, followed by Ontario and British Columbia. Between 2007 and 2025, the demand for tourism workers in Alberta could rise from 189,412 full-year jobs to 254,772 full-year jobs, a potential increase of

35 per cent. During the same period, potential labour demand is forecast to rise 34 per cent in Ontario and 29 per cent in British Columbia. (See Tables 3A and 3B.)

One reason why Alberta, Ontario, and British Columbia are projected to see the highest increases in potential labour demand among all provinces is that they attract the highest number of domestic and foreign visitors. Since growth in tourism demand is expected to outpace growth in non-tourism demand over the forecast period, the provinces with the greatest amount of tourism activity are expected to enjoy stronger spending on tourism goods and services. British Columbia is also expected to see strong growth in non-tourism demand, given its status as a Canadian retirement destination.

Conversely, growth in potential labour demand is lowest in the Atlantic provinces. In fact, potential labour demand is expected to start declining in Newfoundland and Labrador after 2015 and in Nova Scotia after 2020, mainly because of the weak growth in the region's population. Atlantic Canada's tourism sector is highly dependent on domestic visits from within the region, so meagre population growth will limit tourism demand. Only Prince Edward Island, a retirement destination for Atlantic Canadians, is expected to experience small but steady increases in potential labour demand out to 2025.

Among the metropolitan areas, Toronto is expected to generate the highest potential rate of growth in tourism labour demand, followed by Calgary, Edmonton, and Vancouver. Between 2007 and 2025, demand for tourism workers in Toronto could rise from 253,161 full-year jobs to 367,800 full-year jobs, a potential increase of 45 per cent. During that same period, potential labour demand is forecast to rise 41 per cent in Calgary, 37 per cent in Edmonton and 32 per cent in Vancouver. (See Tables 3A and 3B.)

Table 3A: Potential Labour Demand in the Tourism Sector by Province and Sub-Provincial Region (jobs)

	2007	2010	2015	2020	2025
<i>Newfoundland and Labrador</i>	22,620	23,180	24,081	23,375	22,573
St. John's	9,687	10,171	10,826	10,681	10,322
<i>Prince Edward Island</i>	8,008	8,165	8,705	9,080	9,471
Charlottetown	3,848	3,911	4,167	4,352	4,542
<i>Nova Scotia</i>	46,143	47,399	49,343	49,410	49,252
Halifax	22,434	23,456	25,111	25,500	25,431
<i>New Brunswick</i>	34,191	34,446	36,650	36,718	36,639
Saint John	5,857	5,925	6,306	6,320	6,307
<i>Quebec</i>	367,308	370,450	398,351	412,512	425,416
Québec City	37,900	38,476	41,197	42,535	43,857
Montréal	184,561	186,934	205,492	215,309	222,134
<i>Ontario</i>	631,611	646,149	720,948	783,983	845,369
Toronto	253,161	259,944	303,954	340,263	367,800
Ottawa	57,650	59,421	65,722	70,789	76,309
Niagara Falls	35,644	36,239	38,265	40,102	42,906
<i>Manitoba</i>	60,773	64,471	69,253	72,963	76,738
Winnipeg	41,294	44,092	47,257	49,773	52,386
<i>Saskatchewan</i>	47,648	51,465	54,218	55,610	56,994
Regina	11,472	12,389	13,473	14,057	14,401
Saskatoon	13,613	14,942	16,070	16,671	17,114
<i>Alberta</i>	189,412	197,473	220,621	236,557	254,772
Edmonton	57,127	60,116	67,422	72,445	78,035
Calgary	70,045	73,818	84,143	91,305	98,557
<i>British Columbia</i>	266,476	276,025	303,064	322,721	343,986
Victoria	22,992	23,420	25,367	26,754	28,448
Vancouver	138,651	144,237	160,037	171,764	183,378
<i>TOTAL LABOUR DEMAND</i>	1,674,190	1,719,222	1,885,234	2,002,929	2,121,210

Note: the figures for metropolitan areas are a subset of the province in which they are located.

Table 3B: Potential Labour Demand in the Tourism Sector by Province and Sub-Provincial Region
(jobs, compound annual growth rate)

	2007–2010	2011–2015	2016–2020	2021–2025
Newfoundland and Labrador	0.8%	0.8%	-0.6%	-0.7%
St. John's	1.6%	1.3%	-0.3%	-0.7%
Prince Edward Island	0.6%	1.3%	0.8%	0.8%
Charlottetown	0.5%	1.3%	0.9%	0.9%
Nova Scotia	0.9%	0.8%	0.0%	-0.1%
Halifax	1.5%	1.4%	0.3%	-0.1%
New Brunswick	0.2%	1.2%	0.0%	0.0%
Saint John	0.4%	1.3%	0.0%	0.0%
Quebec	0.3%	1.5%	0.7%	0.6%
Québec City	0.5%	1.4%	0.6%	0.6%
Montréal	0.4%	1.9%	0.9%	0.6%
Ontario	0.8%	2.2%	1.7%	1.5%
Toronto	0.9%	3.2%	2.3%	1.6%
Ottawa	1.0%	2.0%	1.5%	1.5%
Niagara Falls	0.6%	1.1%	0.9%	1.4%
Manitoba	2.0%	1.4%	1.0%	1.0%
Winnipeg	2.2%	1.4%	1.0%	1.0%
Saskatchewan	2.6%	1.0%	0.5%	0.5%
Regina	2.6%	1.7%	0.9%	0.5%
Saskatoon	3.2%	1.5%	0.7%	0.5%
Alberta	1.4%	2.2%	1.4%	1.5%
Edmonton	1.7%	2.3%	1.4%	1.5%
Calgary	1.8%	2.7%	1.6%	1.5%
British Columbia	1.2%	1.9%	1.3%	1.3%
Victoria	0.6%	1.6%	1.1%	1.2%
Vancouver	1.3%	2.1%	1.4%	1.3%
TOTAL LABOUR DEMAND	0.9%	1.9%	1.2%	1.2%

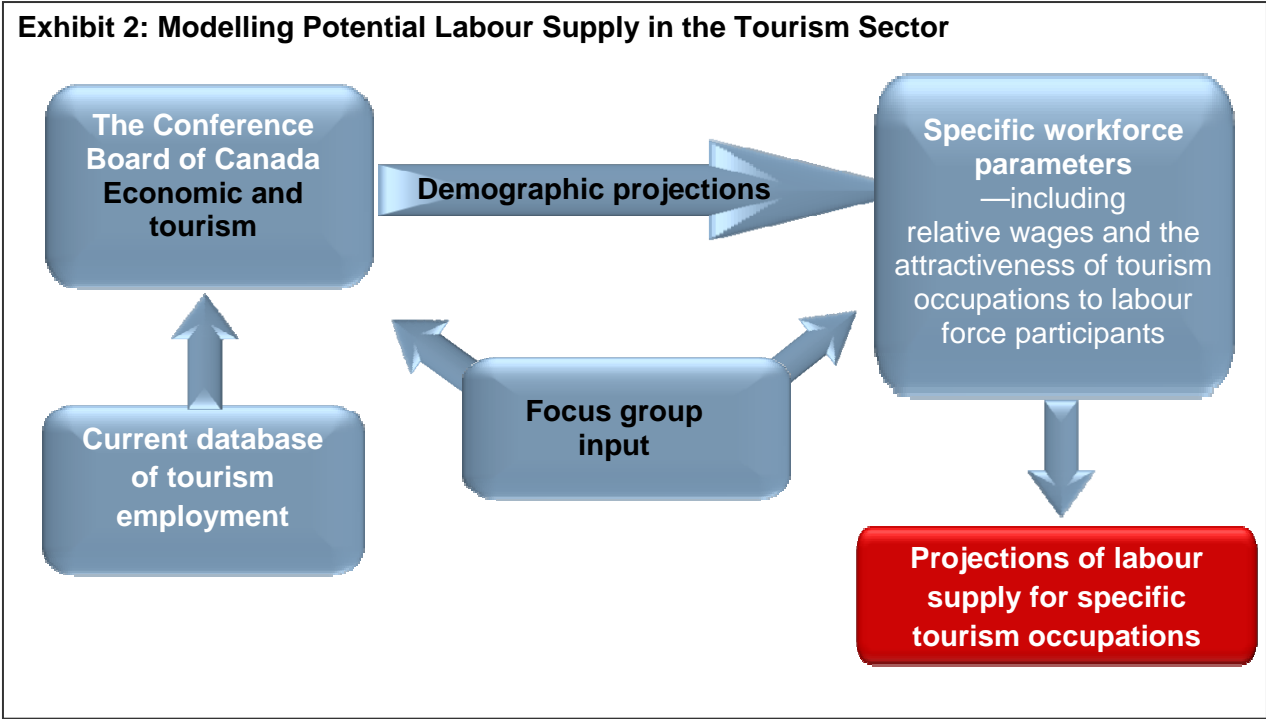
Potential Labour Supply in the Tourism Sector

Demographic projections of Canada's workforce are the most important determinant in forecasting potential labour supply in the tourism sector. Other key factors are relative wages and the attractiveness of tourism occupations to various segments of the labour force.

Our labour supply projections assume that the relative attractiveness of occupations in the tourism sector will not change as the forecast progresses. This means that basic job responsibilities, wages relative to other sectors and, if applicable, access to education or training programs all remain constant over the forecast horizon. While this may not necessarily be true, it provides a reasonable starting point,

given that the tourism sector will have to compete with other sectors of the economy for available workers.

Exhibit 2 provides a basic visual representation of how the analysis modelled the potential supply of labour in the tourism sector.



Our projections for the potential growth of labour supply in the tourism sector indicate that overall tourism employment could rise from nearly 1.65 million full-year jobs in 2007 to just over 1.90 million full-year jobs in 2025. Between 2007 and 2010, the compound annual growth rate of the sector’s potential labour supply was expected to reach 1.9 per cent, before decreasing to a rate of 0.9 per cent over the subsequent five years. The growth rate is expected to slow between 2015 and 2025, averaging between 0.4 per cent and 0.5 per cent, annually. (See Tables 4A and 4B.)

Food and beverage services and accommodation are the two industries expected to see the largest increases in potential tourism labour supply over the next 15 years. The supply of labour to food and beverage services could rise from nearly 881,000 jobs in 2007 to over 1,018,000 jobs in 2025, an increase of more than 137,000 jobs. Meanwhile, potential labour supply in the accommodation industry is forecast to increase from 234,000 in 2007 to 275,000 in 2025, an increase of 41,000 jobs.

Table 4A: Potential Labour Supply in Canada's Tourism Sector

(jobs)

	2007	2010	2015	2020	2025
Transportation	207,148	216,336	227,792	236,664	243,991
Air transportation	54,913	58,138	61,572	64,318	66,477
Rail transportation	5,973	6,154	6,242	6,273	6,155
Other transportation	146,262	152,044	159,978	166,073	171,358
Accommodation	233,895	248,437	260,536	267,588	274,904
Food and beverage services	880,846	935,212	976,669	993,205	1,018,550
Recreation and entertainment	281,625	294,147	301,718	301,738	303,342
Travel services	46,907	49,866	54,381	58,348	61,601
TOTAL LABOUR SUPPLY	1,650,421	1,743,998	1,821,095	1,857,542	1,902,389

Table 4B: Potential Labour Supply in Canada's Tourism Sector

(jobs, compound annual growth rate)

	2007–2010	2011–2015	2016–2020	2021–2025
Transportation	1.5%	1.0%	0.8%	0.6%
Air transportation	1.9%	1.2%	0.9%	0.7%
Rail transportation	1.0%	0.3%	0.1%	-0.4%
Other transportation	1.3%	1.0%	0.8%	0.6%
Accommodation	2.0%	1.0%	0.5%	0.5%
Food and beverage services	2.0%	0.9%	0.3%	0.5%
Recreation and entertainment	1.5%	0.5%	0.0%	0.1%
Travel services	2.1%	1.7%	1.4%	1.1%
TOTAL LABOUR SUPPLY	1.9%	0.9%	0.4%	0.5%

Among the provinces, Alberta is expected to generate the highest potential rate of growth in labour supply, followed by Ontario, Manitoba, and British Columbia. Between 2007 and 2025, Alberta's potential labour supply could rise from 185,478 jobs to 232,986 jobs, a potential increase of nearly 26 per cent. During that same period, potential labour supply is forecast to rise 23 per cent in Ontario, 20 per cent in Manitoba, and 16 per cent in British Columbia. (See Tables 5A and 5B.)

While potential tourism labour supply is expected to grow solidly in some provinces over the next 20 years, it will decrease in other provinces. For example, the potential labour supply is expected to fall between 2010 and 2025 in all Atlantic provinces except Prince Edward Island, there it will decrease after 2015. It is also projected to decrease in Saskatchewan and Quebec between 2015 and 2025.

Among the metropolitan areas, Calgary is expected to generate the highest potential rate of growth in labour supply, followed by Toronto, Edmonton, and Ottawa. Between 2007 and 2025, Calgary's supply of labour could rise from 68,447 jobs to 89,955 jobs, a potential increase of 31 per cent. During that

same period, potential labour supply in the tourism sector is forecast to rise 30 per cent in Toronto, 26 per cent in Edmonton, and 23 per cent in Ottawa. (See Table 5A.)

Table 5A: Potential Labour Supply in the Tourism Sector by Province and Sub-Provincial Region
(jobs; per cent change projected by 2025 vs. 2007)

	2007	2010	2015	2020	2025	% change
<i>Newfoundland and Labrador</i>	22,162	23,288	22,153	20,801	19,556	-12%
St. John's	9,541	10,275	9,969	9,499	8,890	-7%
<i>Prince Edward Island</i>	7,956	8,266	8,381	8,240	8,260	4%
Charlottetown	3,829	3,951	3,972	3,965	4,015	5%
<i>Nova Scotia</i>	45,620	48,255	47,241	44,938	42,906	-6%
Halifax	22,188	23,943	23,895	23,005	22,031	-1%
<i>New Brunswick</i>	33,819	34,788	33,862	31,962	30,362	-10%
Saint John	5,801	5,983	5,833	5,488	5,207	-10%
<i>Quebec</i>	362,322	375,100	380,344	374,064	374,933	3%
Québec City	37,506	38,964	39,559	38,747	38,620	3%
Montréal	181,980	189,608	193,780	193,069	194,743	7%
<i>Ontario</i>	621,591	658,140	705,821	736,753	765,259	23%
Toronto	250,295	265,592	292,179	311,227	325,799	30%
Ottawa	56,693	60,286	64,406	66,934	69,589	23%
Niagara Falls	35,384	37,062	38,390	39,248	40,020	13%
<i>Manitoba</i>	60,091	64,669	67,866	69,636	71,920	20%
Winnipeg	40,867	44,106	46,344	47,629	49,176	20%
<i>Saskatchewan</i>	47,297	51,234	51,269	50,508	50,460	7%
Regina	11,414	12,376	12,544	12,468	12,488	9%
Saskatoon	13,554	14,906	15,257	15,228	15,243	12%
<i>Alberta</i>	185,478	200,771	212,528	222,230	232,986	26%
Edmonton	56,143	61,134	64,548	67,412	70,823	26%
Calgary	68,447	75,385	80,954	85,567	89,955	31%
<i>British Columbia</i>	264,084	279,486	291,632	298,410	305,747	16%
Victoria	22,771	23,646	24,269	24,496	24,934	9%
Vancouver	137,384	145,727	153,703	159,024	163,927	19%
<i>TOTAL LABOUR SUPPLY</i>	1,650,421	1,743,998	1,821,095	1,857,542	1,902,389	15%

Table 5B: Potential Labour Supply in the Tourism Sector by Province and Sub-Provincial Region
(jobs, compound annual growth rate)

	2007–2010	2011–2015	2016–2020	2021–2025
<i>Newfoundland and Labrador</i>	1.7%	-1.0%	-1.3%	-1.2%
St. John's	2.5%	-0.6%	-1.0%	-1.3%
<i>Prince Edward Island</i>	1.3%	0.3%	-0.3%	0.0%
Charlottetown	1.1%	0.1%	0.0%	0.3%
<i>Nova Scotia</i>	1.9%	-0.4%	-1.0%	-0.9%
Halifax	2.6%	0.0%	-0.8%	-0.9%
<i>New Brunswick</i>	0.9%	-0.5%	-1.1%	-1.0%
Saint John	1.0%	-0.5%	-1.2%	-1.0%
<i>Quebec</i>	1.2%	0.3%	-0.3%	0.0%
Québec City	1.3%	0.3%	-0.4%	-0.1%
Montréal	1.4%	0.4%	-0.1%	0.2%
<i>Ontario</i>	1.9%	1.4%	0.9%	0.8%
Toronto	2.0%	1.9%	1.3%	0.9%
Ottawa	2.1%	1.3%	0.8%	0.8%
Niagara Falls	1.6%	0.7%	0.4%	0.4%
<i>Manitoba</i>	2.5%	1.0%	0.5%	0.6%
Winnipeg	2.6%	1.0%	0.5%	0.6%
<i>Saskatchewan</i>	2.7%	0.0%	-0.3%	0.0%
Regina	2.7%	0.3%	-0.1%	0.0%
Saskatoon	3.2%	0.5%	0.0%	0.0%
<i>Alberta</i>	2.7%	1.1%	0.9%	0.9%
Edmonton	2.9%	1.1%	0.9%	1.0%
Calgary	3.3%	1.4%	1.1%	1.0%
<i>British Columbia</i>	1.9%	0.9%	0.5%	0.5%
Victoria	1.3%	0.5%	0.2%	0.4%
Vancouver	2.0%	1.1%	0.7%	0.6%
<i>TOTAL LABOUR SUPPLY</i>	1.9%	0.9%	0.4%	0.5%

Potential Labour Shortages in the Tourism Sector

Similar to many other sectors of the Canadian economy, tourism suffered from the effects of tighter labour markets in the years leading up to the economic recession. Weak economic conditions have provided a temporary reprieve, but our projections suggest labour shortages will re-emerge and worsen progressively during the next 15 years. The sub-sectors with the greatest potential for labour shortages are the food and beverage services industry and the recreation and entertainment industry.

Until the economic recession of 2008–09, the occupations in short supply were similar across most regions of Canada. Feedback received from tourism businesses before the recession began suggested that potential shortages were most acute for chefs, some supervisory and middle-management positions, front-line and customer-service occupations, and hotel room attendants. Recruiting for these occupations was often difficult, requiring longer lead times and forcing some companies to hire candidates who were less than ideal. In the western provinces, it was common for some tourism positions to go unfilled.

The Canadian economy fell into a recession in the final quarter of 2008, causing a dramatic change in labour market conditions. As a result, many segments of the tourism sector experienced a surplus of labour in 2009. However, as economic conditions gradually improve through 2010 and 2011, labour markets are expected to tighten once again, leading to severe shortages over the long term. In 2007, the potential shortage of labour in the tourism sector was estimated at nearly 24,000 full-year jobs; by 2025, this figure could balloon to nearly 219,000 jobs. (See Table 6.)

Table 6: Potential Labour Shortage in Canada's Tourism Sector
(jobs)

	2007	2010	2015	2020	2025
Transportation	4,691	-2,647	8,173	14,105	22,104
Air transportation	1,444	-1,719	1,287	3,735	7,510
Rail transportation	140	-48	355	476	684
Other transportation	3,107	-879	6,531	9,894	13,910
Accommodation	4,193	-4,041	9,353	14,568	22,225
Food and beverage services	9,665	-12,708	35,029	91,456	142,307
Recreation and entertainment	4,879	-4,385	10,868	24,746	31,999
Travel services	341	-995	715	511	186
TOTAL LABOUR SHORTAGE	23,769	-24,776	64,139	145,387	218,821

The industry expected to see the most acute shortages in labour over the long term is food and beverage services: by 2025 this industry's potential supply of labour could fall short of demand by more than 142,000 full-year jobs. The recreation and entertainment industry is also expected to experience a substantial shortage of workers over the next 15 years. On the other hand, the travel services industry is expected to experience only a slight labour shortage over the next 15 years.

Projections for potential labour shortages in the tourism sector by province indicate that Ontario will experience the most significant shortage. By 2025, Ontario's supply of labour could fall short of potential

labour demand by over 80,000 full-year jobs. Substantial labour shortages are also expected for Quebec, British Columbia, and Alberta. (See Table 7A.)

Table 7A: Potential Labour Shortage in the Tourism Sector by Province and Sub-Provincial Region (jobs)

	2007	2010	2015	2020	2025
<i>Newfoundland and Labrador</i>	458	-109	1,928	2,574	3,017
St. John's	146	-104	856	1,181	1,432
<i>Prince Edward Island</i>	52	-101	323	840	1,211
Charlottetown	19	-40	195	387	528
<i>Nova Scotia</i>	523	-856	2,103	4,472	6,345
Halifax	245	-487	1,215	2,495	3,401
<i>New Brunswick</i>	372	-342	2,788	4,756	6,278
Saint John	57	-57	473	832	1,100
<i>Quebec</i>	4,987	-4,650	18,007	38,447	50,483
Québec City	394	-488	1,639	3,787	5,238
Montréal	2,581	-2,674	11,712	22,240	27,391
<i>Ontario</i>	10,019	-11,991	15,128	47,230	80,110
Toronto	2,866	-5,648	11,774	29,035	42,001
Ottawa	957	-865	1,316	3,855	6,720
Niagara Falls	259	-823	-124	855	2,885
<i>Manitoba</i>	681	-199	1,388	3,327	4,818
Winnipeg	428	-14	913	2,144	3,210
<i>Saskatchewan</i>	351	231	2,949	5,102	6,534
Regina	58	14	929	1,589	1,914
Saskatoon	59	36	813	1,443	1,871
<i>Alberta</i>	3,933	-3,299	8,093	14,328	21,786
Edmonton	984	-1,018	2,874	5,033	7,212
Calgary	1,598	-1,567	3,189	5,738	8,601
<i>British Columbia</i>	2,392	-3,462	11,432	24,312	38,239
Victoria	221	-227	1,098	2,258	3,515
Vancouver	1,266	-1,489	6,334	12,740	19,452
<i>TOTAL LABOUR SHORTAGE</i>	23,769	-24,776	64,139	145,387	218,821

Among the metropolitan areas, Toronto's supply of labour could fall short of potential demand by just over 42,000 full-year jobs. Significant shortfalls are also forecast for Montréal, Vancouver, and Calgary.

By contrast, Atlantic Canada is expected to endure the most acute shortages in tourism labour as a percentage of overall potential labour demand. By 2025, potential labour shortages in the tourism sector are projected to range from 12.8 per cent in Prince Edward Island to 17.1 per cent in New Brunswick. (See Table 7B.)

Table 7B: Potential Labour Shortage in the Tourism Sector by Province and Sub-Provincial Region
(jobs, per cent short of potential labour demand)

	2007	2010	2015	2020	2025
Newfoundland and Labrador	2.0%	-0.5%	8.0%	11.0%	13.4%
St. John's	1.5%	-1.0%	7.9%	11.1%	13.9%
Prince Edward Island	0.7%	-1.2%	3.7%	9.2%	12.8%
Charlottetown	0.5%	-1.0%	4.7%	8.9%	11.6%
Nova Scotia	1.1%	-1.8%	4.3%	9.0%	12.9%
Halifax	1.1%	-2.1%	4.8%	9.8%	13.4%
New Brunswick	1.1%	-1.0%	7.6%	13.0%	17.1%
Saint John	1.0%	-1.0%	7.5%	13.2%	17.4%
Quebec	1.4%	-1.3%	4.5%	9.3%	11.9%
Québec City	1.0%	-1.3%	4.0%	8.9%	11.9%
Montréal	1.4%	-1.4%	5.7%	10.3%	12.3%
Ontario	1.6%	-1.9%	2.1%	6.0%	9.5%
Toronto	1.1%	-2.2%	3.9%	8.5%	11.4%
Ottawa	1.7%	-1.5%	2.0%	5.4%	8.8%
Niagara Falls	0.7%	-2.3%	-0.3%	2.1%	6.7%
Manitoba	1.1%	-0.3%	2.0%	4.6%	6.3%
Winnipeg	1.0%	0.0%	1.9%	4.3%	6.1%
Saskatchewan	0.7%	0.4%	5.4%	9.2%	11.5%
Regina	0.5%	0.1%	6.9%	11.3%	13.3%
Saskatoon	0.4%	0.2%	5.1%	8.7%	10.9%
Alberta	2.1%	-1.7%	3.7%	6.1%	8.6%
Edmonton	1.7%	-1.7%	4.3%	6.9%	9.2%
Calgary	2.3%	-2.1%	3.8%	6.3%	8.7%
British Columbia	0.9%	-1.3%	3.8%	7.5%	11.1%
Victoria	1.0%	-1.0%	4.3%	8.4%	12.4%
Vancouver	0.9%	-1.0%	4.0%	7.4%	10.6%
TOTAL LABOUR SHORTAGE	1.4%	-1.4%	3.4%	7.3%	10.3%

Nationally, four of the five tourism occupations expected to have the most significant shortage of workers over the next 15 years are in the food and beverage industry. The largest labour shortages by far are projected for food-counter attendants and kitchen helpers, as well as food and beverage servers; by 2025, these occupations could experience shortages equivalent to nearly 49,000 and 43,000 full-year jobs, respectively. Cooks, bartenders, and program leaders and instructors in recreation and sport round out the top five occupations with the largest forecast labour shortages. (See Table 8A.)

Table 8A: Potential Labour Shortage in Canada's Tourism Sector by Occupation

(jobs)

	2007	2010	2015	2020	2025
1. Food-counter attendants and kitchen helpers*	2,894	-3,579	13,120	33,478	49,564
2. Food and beverage servers*	2,468	-2,778	11,928	27,782	42,655
3. Cooks*	1,617	-2,252	3,528	10,497	16,791
4. Bartenders*	463	-342	2,478	5,606	8,784
5. Program leaders and instructors in recreation and sport*	757	-834	2,529	5,789	7,779

*Note: The figures for these occupations include the combined labour shortages from food and beverage services, accommodation industries and recreation and entertainment, where applicable.

Among the provinces, there are few differences in the ranking of tourism occupations expected to suffer the most significant shortages of workers over the next 15 years. In every province, food-counter attendants and kitchen helpers are ranked as the tourism occupation projected to see the largest shortage by 2025. In Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario, and British Columbia, all five of the tourism occupations with the most significant projected labour shortages by 2025 are in the food and beverage industry.

The tourism occupation projected to suffer the most acute labour shortage over the long term is bartenders; by 2025, the supply of workers in this occupation is expected to fall short of potential demand by 20.2 per cent. This is followed by food and beverage servers at 16.4 per cent, and landscaping and ground maintenance workers at 15.2 per cent. (See Table 8B.)

Table 8B: Potential Labour Shortage in Canada's Tourism Sector by Occupation

(jobs, per cent short of potential labour demand)

	2025
1. Bartenders	20.2%
2. Food and beverage servers	16.4%
3. Landscaping and ground maintenance workers	15.2%
4. Food service supervisors	14.6%
5. Program leaders and instructors in recreation and sport	13.5%

Potential Labour Shortages in the Tourism Sector—Measured in Hours

It is also useful to think about labour shortages in terms of hours of work demanded, rather than jobs unfilled. As previously noted, for the purposes of this study, a “job” is considered to be work for the period of a year, regardless of the number of hours per week. The distribution of jobs among full-time, part-time, and seasonal positions within each industry is based on the typical job profile of the occupations in those industries. But this approach may be too limiting when thinking of ways to address future labour gaps.

In some cases, it may be helpful to break down those unfilled jobs into units of hours, to help develop methods to increase productivity, or to redistribute duties to accommodate the needs of different types of employees. It may also assist in developing policies for job-sharing or for sharing staff between businesses.

In the previous section, we explained that the potential labour shortage in Canada’s tourism sector could grow from an estimated 24,000 unfilled jobs in 2007 to nearly 219,000 jobs in 2025. If the shortage is viewed from the perspective of the number of hours this represents, it translates¹ to an estimated 37.04 million hours in 2007, increasing to 302.37 million hours by 2025. (See Table 9.)

Another benefit of breaking down labour shortages by unfilled hours is it also presents a different perspective on the severity of the shortages projected. For example, although the food and beverage industry is still expected to see the largest labour shortages by 2025 when looking at hours unfilled, its share among all tourism industries is slightly smaller than when looking at full-year jobs unfilled. Conversely, labour shortages for the transportation and accommodation industries become even more severe when viewed in the context of hours.

Table 9: Potential Labour Shortage in Canada’s Tourism Sector
(millions of hours unfilled)

	2007	2010	2015	2020	2025
Transportation	8.17	-4.48	14.20	24.21	37.84
Air transportation	2.43	-2.86	2.25	6.38	12.78
Rail transportation	0.31	-0.11	0.80	1.07	1.54
Other transportation	5.43	-1.51	11.14	16.75	23.52
Accommodation	7.33	-7.18	16.15	24.84	38.08
Food and beverage services	14.01	-18.17	43.35	114.73	181.84
Recreation and entertainment	6.92	-6.64	15.05	34.30	44.41
Travel services	0.61	-1.77	1.23	0.83	0.20
TOTAL LABOUR SHORTAGE	37.04	-38.25	89.98	198.90	302.37

Projections for potential labour shortages in the tourism sector by province and sub-provincial region also present a slightly different picture of the severity of shortages in each region when viewed by hours. (See Table 10A.)

¹ Hours are calculated based on average hours worked in each tourism occupation per year, by industry, according to data provided by Statistics Canada’s Human Resource Module (HRM) of the Tourism Satellite Account.

Table 10A: Potential Labour Shortage in the Tourism Sector by Province and Sub-Provincial Region

(millions of hours unfilled)

	2007	2010	2015	2020	2025
<i>Newfoundland and Labrador</i>	0.74	-0.13	2.88	3.70	4.28
St. John's	0.24	-0.16	1.24	1.64	1.97
<i>Prince Edward Island</i>	0.08	-0.15	0.48	1.20	1.74
Charlottetown	0.03	-0.06	0.28	0.53	0.72
<i>Nova Scotia</i>	0.84	-1.33	2.95	6.19	8.86
Halifax	0.40	-0.76	1.68	3.42	4.70
<i>New Brunswick</i>	0.59	-0.54	4.03	6.76	8.97
Saint John	0.09	-0.09	0.69	1.19	1.57
<i>Quebec</i>	7.82	-7.15	26.39	54.03	71.47
Québec City	0.62	-0.76	2.49	5.44	7.61
Montréal	3.97	-4.35	16.60	30.71	38.04
<i>Ontario</i>	15.19	-18.56	20.22	62.84	107.61
Toronto	4.36	-8.96	16.13	40.03	57.79
Ottawa	1.44	-1.34	1.78	4.99	8.91
Niagara Falls	0.40	-1.26	-0.21	1.05	4.00
<i>Manitoba</i>	1.10	-0.41	1.93	4.48	6.52
Winnipeg	0.68	-0.11	1.21	2.79	4.22
<i>Saskatchewan</i>	0.56	0.32	4.24	7.19	9.33
Regina	0.09	0.00	1.28	2.18	2.66
Saskatoon	0.10	0.04	1.10	1.94	2.57
<i>Alberta</i>	6.24	-5.03	10.82	19.03	30.07
Edmonton	1.57	-1.57	3.78	6.59	9.74
Calgary	2.50	-2.47	4.21	7.65	11.87
<i>British Columbia</i>	3.87	-5.26	16.04	33.48	53.52
Victoria	0.36	-0.35	1.51	3.05	4.87
Vancouver	2.06	-2.28	8.64	17.23	26.75
TOTAL LABOUR SHORTAGE	37.04	-38.25	89.98	198.90	302.37

When viewed by hours, potential tourism labour shortages in Atlantic Canada—the region expected to see the most acute shortages over the long term—appear slightly less severe, ranging from 11.7 to 16 per cent in 2025. Shortages in Quebec, Ontario, Manitoba, and British Columbia also appear slightly less acute when viewed by hours. (See Table 10B.)

Table 10B: Potential Labour Shortage in the Tourism Sector by Province and Sub-Provincial Region

(hours, per cent short of potential labour demand)

	2007	2010	2015	2020	2025
Newfoundland and Labrador	2.1%	-0.4%	7.7%	10.1%	12.2%
St. John's	1.6%	-1.0%	7.4%	10.0%	12.4%
Prince Edward Island	0.7%	-1.2%	3.6%	8.5%	11.9%
Charlottetown	0.5%	-1.0%	4.3%	7.9%	10.2%
Nova Scotia	1.2%	-1.8%	3.9%	8.1%	11.7%
Halifax	1.2%	-2.1%	4.3%	8.7%	11.9%
New Brunswick	1.1%	-1.0%	7.2%	12.0%	16.0%
Saint John	1.0%	-1.0%	7.1%	12.2%	16.2%
Quebec	1.4%	-1.3%	4.3%	8.5%	10.9%
Québec City	1.1%	-1.3%	3.9%	8.3%	11.3%
Montréal	1.4%	-1.5%	5.3%	9.3%	11.2%
Ontario	1.6%	-1.9%	1.8%	5.2%	8.3%
Toronto	1.1%	-2.2%	3.4%	7.6%	10.2%
Ottawa	1.6%	-1.5%	1.8%	4.6%	7.7%
Niagara Falls	0.7%	-2.3%	-0.4%	1.7%	6.0%
Manitoba	1.2%	-0.4%	1.8%	4.0%	5.5%
Winnipeg	1.1%	-0.2%	1.7%	3.6%	5.2%
Saskatchewan	0.8%	0.4%	5.1%	8.4%	10.6%
Regina	0.5%	0.0%	6.3%	10.2%	12.1%
Saskatoon	0.5%	0.2%	4.5%	7.6%	9.8%
Alberta	2.1%	-1.7%	3.2%	5.2%	7.7%
Edmonton	1.8%	-1.7%	3.7%	5.9%	8.2%
Calgary	2.3%	-2.2%	3.2%	5.4%	7.8%
British Columbia	0.9%	-1.2%	3.4%	6.7%	10.1%
Victoria	1.0%	-1.0%	3.9%	7.4%	11.1%
Vancouver	1.0%	-1.0%	3.5%	6.5%	9.5%
TOTAL LABOUR SHORTAGE	1.4%	-1.4%	3.1%	6.5%	9.3%

Potential Labour Shortages—2008 to 2010

The rapid deterioration in global economic conditions after September 2008 contributed to further changes in the supply and demand projections for labour in the tourism sector over the short term. Weaker tourism demand is expected to curb the growth of tourism revenues, bringing down the compound annual growth rate for the period between 2007 and 2010 to 0.4 per cent. In fact, potential labour demand for the sector was forecast to decline 1.8 per cent in 2009.

As a result, the latest forecast suggests the tourism sector experienced a surplus in labour equivalent to 34,210 full-year jobs in 2009. The largest estimated surplus was in the food and beverage services industry, at 16,022 full-year jobs, followed by accommodation, with an estimated surplus of 8,011 full-year jobs. (See Table 11.)

While market conditions are expected to gradually improve through 2010, labour surpluses are forecast to remain for all tourism industry groups this year. For most industry groups, labour shortages are expected to return by 2011 or 2012.

Table 11: Potential Labour Shortage in Canada's Tourism Sector
(jobs)

	2008	2009	2010	2011	2012
Transportation	2,557	-3,434	-2,647	-602	1,501
Air transportation	339	-2,431	-1,719	-1,156	-574
Rail transportation	105	-151	-48	30	109
Other transportation	2,113	-853	-879	524	1,966
Accommodation	2,567	-8,011	-4,041	-1,505	1,101
Food and beverage services	5,653	-16,022	-12,708	-3,615	5,700
Recreation and entertainment	2,429	-4,878	-4,385	-1,446	1,548
Travel services	107	-1,864	-995	-680	-352
TOTAL LABOUR SHORTAGE	13,313	-34,210	-24,776	-7,847	9,498

Provincial labour projections for the tourism sector indicate that Ontario and British Columbia saw sizable surpluses in labour in 2009. In fact, the analysis suggests all provinces experienced tourism labour surpluses in 2009, and nearly all provinces will continue to see tourism labour surpluses in 2010. (See Table 12.)

Table 12: Potential Labour Shortage in the Tourism Sector by Province and Sub-Provincial Region (jobs)

	2008	2009	2010	2011	2012
<i>Newfoundland and Labrador</i>	269	-146	-109	302	710
St. John's	93	-84	-104	86	278
<i>Prince Edward Island</i>	-9	-144	-101	-18	65
Charlottetown	-2	-68	-40	6	52
<i>Nova Scotia</i>	326	-977	-856	-267	323
Halifax	159	-473	-487	-153	184
<i>New Brunswick</i>	249	-493	-342	277	899
Saint John	39	-94	-57	47	153
<i>Quebec</i>	1,379	-6,346	-4,650	-267	4,189
Québec City	110	-710	-488	-77	341
Montréal	578	-3,232	-2,674	92	2,912
<i>Ontario</i>	8,556	-13,109	-11,991	-6,946	-1,716
Toronto	2,427	-6,316	-5,648	-2,463	868
Ottawa	836	-1,147	-865	-454	-31
Niagara Falls	216	-1,098	-823	-686	-547
<i>Manitoba</i>	351	-613	-199	105	415
Winnipeg	233	-393	-14	163	345
<i>Saskatchewan</i>	48	-323	231	764	1,303
Regina	42	-57	14	192	372
Saskatoon	48	-85	36	188	341
<i>Alberta</i>	2,181	-4,504	-3,299	-1,163	1,042
Edmonton	570	-1,404	-1,018	-288	466
Calgary	793	-1,659	-1,567	-684	232
<i>British Columbia</i>	-37	-7,555	-3,462	-633	2,269
Victoria	31	-619	-227	27	287
Vancouver	-125	-4,043	-1,489	-10	1,511
TOTAL LABOUR SHORTAGE	13,313	-34,210	-24,776	-7,847	9,498

Tourism Sector Recovery Trends From Past Recessions

In this latest update of the Tourism Labour Supply and Demand study, the Conference Board compared the tourism sector's expected pace of recovery from the economic recession of 2008–09 with the recovery that followed other past recessions.

Compared with the recessions of 1981–82 and 1990–91, the most recent economic downturn had a softer impact on overall employment in Canada. Unemployment soared to double-digit rates in Canada during 1982 and 1991; in the latest downturn, it peaked at about 9.1 per cent. Overall employment in

Canada slipped only 1.6 per cent in 2009. However, the recession of 2008–09 had a greater impact on employment in the tourism sector, reducing it by an estimated 2.6 per cent. A major reason for the larger decrease in tourism employment was the severe drop-off in travel demand in 2008 and 2009, which is expected to take years to recover.

The following summaries provide an overview of the impact of past economic recessions on tourism sector employment, as well as the sector's recovery following each downturn.

The Recession of 1981–82

The recession of 1981–82 had a severe impact on employment in the Canadian economy. Total employment in Canada fell 3.1 per cent, and the unemployment rate in Canada peaked at 12.9 per cent, a rise of 5.5 percentage points from the period just prior to the downturn. It took three years for total employment to climb back up to its pre-recession level, and it was six years before the unemployment rate eased back down to its pre-recession rate.

The impact of this recession was softer on the tourism sector than it was on the Canadian economy as a whole, although the transportation industry suffered from the effects of high oil prices during this period. It only took two years for employment to recover to pre-recession levels in accommodation and in food and beverage services. However, it took five years for employment in transportation to return to pre-recession levels. In all tourism industries, it took longer for full-time employment to recover than it took for part-time and seasonal employment rates to recover.

The Recession of 1990–91

The 1990–91 recession had a similar effect on overall employment in Canada as the previous recession. It drove up the unemployment rate to a peak of 11.7 per cent, lifting it 4.1 percentage points above the level seen just before the recession began. Overall employment during the downturn slipped 2.7 per cent. Again, it took about three years for employment and six years for the unemployment rate to recover to 1990 levels.

The impact of the 1990–91 recession on the tourism sector was about the same as for the overall Canadian economy. It took about three years for overall employment to recover to pre-recession levels in the accommodation industry and the food and beverage services industry, and about four years for employment to recover in transportation. As in the previous recession, full-time employment in the tourism sector took longer to recover than part-time and seasonal tourism employment.

The Recession of 2008–09

Current estimates suggest the recession of 2008–09 had a softer impact on overall employment in the Canadian economy than the last two recessions did. The Conference Board estimates the unemployment rate peaked at 9.1 per cent, only 3 percentage points higher than it was just before recession, while total employment slipped 1.6 per cent. In contrast to the last two recessions, it is expected to take about two years for the employment levels to recover, and four years for the unemployment rate to return to 2008 levels.

However, the impact of the 2008–09 recession was more severe for the tourism sector than it was for the Canadian economy as a whole. Employment in the tourism sector decreased by an estimated 2.6 per cent during the downturn. The results of the tourism labour supply and demand forecast suggest employment in the tourism sector will not recover to 2008 levels until 2011 or 2012.

Potential Labour Shortages and the Impact of Raising Wages

If the tourism sector does not make collective changes to address the looming labour crunch, individual tourism businesses will be forced to react to potential shortages in isolation. Thus, rather than acting proactively, many tourism businesses are likely to react by raising wages to attract more employees. Although this would help businesses attract more workers, it would also force businesses to pass on higher labour costs to customers, thereby reducing overall tourism demand—clearly not a desirable outcome.

By raising wages, the tourism sector as a whole will only be able to increase the supply of labour equivalent to 47,346 full-year jobs. (See Table 13.) This increase amounts to only 2.5 per cent of the total potential supply of labour projected for the tourism sector in 2025, according to the base-case scenario. Still, it would be enough to eliminate projected labour shortages—but mainly because higher wages would increase industry costs, leading to a reduction in demand. Indeed, higher wages would directly eliminate only about 22 per cent of the total labour shortage projected for 2025 in the base-case scenario. The rest of the labour shortage—nearly 80 per cent—would be eliminated through a reduction in demand resulting from higher prices.

Table 13: Additional Tourism Labour Supply Generated by Raising Wages in Canada*
(jobs)

	2010	2015	2020	2025
Transportation	3,052	5,374	6,601	8,213
Air transportation	729	1,383	1,899	2,662
Rail transportation	98	184	209	251
Other transportation	2,225	3,806	4,493	5,300
Accommodation	2,543	5,115	6,080	7,476
Food and beverage services	7,127	12,327	18,138	23,155
Recreation and entertainment	3,637	5,597	7,307	8,179
Travel services	226	369	351	323
TOTAL ADDITIONAL SUPPLY	16,584	28,782	38,478	47,346

* Note: In the cases where there is a surplus of labour was projected for an industry during a given time period, a reduction in relative wages was expected. Lower costs are then expected to reduce prices and stimulate demand for those services, leading to an increase in overall employment in that industry.

The model shows that raising real wages would significantly reduce tourism demand, while generating a relatively small increase in labour supply. In other words, raising wages would not be enough to stimulate a significant increase in labour supply, and would stifle the growth of tourism demand. Consequently, in taking this approach, the tourism sector would be operating with 171,475 fewer full-

year jobs by 2025. It would also reduce the potential demand for tourism in Canada by 8.1 per cent in 2025, costing the tourism sector an estimated \$16.3 billion in potential spending.

What's more, the resulting wage increases would impose a heavy toll on the tourism sector's profitability. In turn, the growing difficulty and expense of filling jobs in the tourism sector would constrain the growth of capital investments and tourism-related infrastructure.

Alternative Scenarios That Could Affect Potential Labour Shortages

For this update of the Tourism Labour Supply and Demand study, the Conference Board examined three alternative scenarios that could significantly affect the long-term outlook for potential labour shortages in the tourism sector.

The first is the impact of high oil prices on tourism demand, if the price per barrel rises to US\$175 by 2014, which could, in turn, affect the future demand for labour in the tourism sector. The second is the impact of increasing the attractiveness of entry-level (or near-entry-level) tourism occupations, which could affect the future supply of labour in the tourism sector. The third scenario, which could also affect the future supply of labour, examines the impact of accelerating the rate at which new immigrants enter the workforce.

The Impact of High Oil Prices

This scenario examines the impact of a sharp increase in oil prices on the demand for tourism goods and services, which would, in turn, affect the demand for labour in the tourism sector. Sharp increases in oil prices would drive up the cost of fuel, leading directly to higher travel prices and a reduction in travel demand. International air travel, in particular, would be hit most severely by an increase in fuel costs.

The macroeconomic impact of high oil prices on the Canadian and U.S. economies was analyzed by The Conference Board of Canada for Human Resources and Skills Development Canada (HRSDC) in 2009. The study simulated some of the human resource implications of a sharp rise in oil prices, using the example of the price of oil rising to US \$175 per barrel by 2014.

The analysis conducted for HRSDC showed that most sectors of the Canadian economy would be negatively affected if the price of oil rose to US\$175 per barrel. While the tourism sector was not a composite sector identified in the report, it is not unreasonable to expect it would be one of the sectors impacted most severely by high oil prices.

Building on model simulations the Conference Board generated for HRSDC, we estimated the effects of high oil prices on the demand for labour in Canada's tourism sector. This scenario assumes that the price of oil will rise to US\$175 per barrel and then stay stable, in real terms, between 2015 and 2025, remaining above the price of oil assumed in the base-case scenario. In comparison, the base-case scenario assumes the price of oil will be about US\$100 per barrel in 2014.

If the price of oil were to grow to US\$175 per barrel, this would reduce the demand for labour, in full-year jobs, by 4.2 per cent by 2025 compared with the base-case scenario presented earlier in this report. That is, 90,114 fewer jobs would be required by the tourism sector. (See Table 14.)

Table 14: Impact of High Oil Prices on Potential Labour Demand in the Tourism Sector, by Industry

(difference in jobs left unfilled in 2025 if oil prices reach US\$175 by 2014 vs. base-case scenario)

	Jobs	Per cent
<i>Transportation</i>	-13,187	-5.0%
Air transportation	-7,485	-10.1%
Rail transportation	-240	-3.5%
Other transportation	-5,462	-2.9%
<i>Accommodation</i>	-22,733	-7.7%
<i>Food and beverage services</i>	-44,768	-3.9%
<i>Recreation and entertainment</i>	-6,183	-1.8%
<i>Travel services</i>	-3,243	-5.2%
<i>TOTAL LABOUR DEMAND</i>	-90,114	-4.2%

The impact of oil prices climbing to US\$175 would be most profound for the air transportation and accommodation industries, although there would be a cascading effect on all tourism industries. Fewer travellers would result in less demand for accommodation services, food and beverage services, recreation and entertainment, and other services.

Air transportation would be affected the most because airlines would be forced to pass on fuel cost increases to consumers; fuel now represents airlines' single highest operational cost. If the price of oil were to reach \$175 in the next five years, it would reduce the demand for labour in the air transportation industry by an estimated 7,485 jobs, or 10.1 per cent by 2025, compared with the base-case scenario.

This scenario would also have a significant effect on the accommodation industry. It would reduce the demand for labour in this industry by 7.7 per cent, or 22,733 jobs by 2025, compared with the base-case scenario.

The recreation and entertainment industry would be least affected by this scenario. An increase in local spending on recreation and entertainment services would likely help offset the reduction in tourism demand that would occur if oil prices were to jump to US\$175.

The analysis found that this scenario would reduce the demand for tourism labour in all provinces. Labour demand would fall by nearly 36,000 jobs in Ontario and by nearly 19,000 jobs in Quebec. (See Table 15.) One of the reasons for this is the concentration of air transportation occupations in these two provinces, where the two largest Canadian airports are located. In fact, Ontario employs the highest number of workers in the air transportation industry of all provinces.

The largest percentage decrease in labour demand, as a proportion of overall demand for labour, would occur in Prince Edward Island. The tourism sector in that province depends more highly on tourism receipts than any other province in Canada.

Table 15: Impact of High Oil Prices on Potential Labour Demand in Canada’s Tourism Sector, by Province

(reduction in labour demand by 2025 if oil prices reach US\$175 by 2014 vs. base-case scenario)

	Jobs	Per cent
<i>Newfoundland and Labrador</i>	-873	-3.9%
<i>Prince Edward Island</i>	-481	-5.1%
<i>Nova Scotia</i>	-2,177	-4.4%
<i>New Brunswick</i>	-1,443	-3.9%
<i>Quebec</i>	-18,776	-4.4%
<i>Ontario</i>	-35,747	-4.2%
<i>Manitoba</i>	-3,113	-4.1%
<i>Saskatchewan</i>	-1,997	-3.5%
<i>Alberta</i>	-9,623	-3.8%
<i>British Columbia</i>	-15,883	-4.6%
TOTAL LABOUR DEMAND	-90,114	-4.2%

Consequently, the decrease in tourism labour demand that would occur in this scenario would lead to a significant reduction in the potential labour shortage projected for the tourism sector over the long term. In this scenario, the potential labour shortage in the tourism sector would decrease from 218,821 to 128,708 jobs in 2025. (See Table 16.)

Table 16: Impact of High Oil Prices on Potential Labour Shortages in Canada’s Tourism Sector, by Industry

(potential labour shortage in full-year jobs by 2025)

	Base-case shortage	Scenario shortage
<i>Transportation</i>	22,104	8,917
Air transportation	7,510	25
Rail transportation	684	444
Other transportation	13,910	8,448
<i>Accommodation</i>	22,225	-508
<i>Food and beverage services</i>	142,307	97,540
<i>Recreation and entertainment</i>	31,999	25,816
<i>Travel services</i>	186	-3,057
TOTAL LABOUR SHORTAGE	218,821	128,708

However, even if high oil prices were to reduce the potential demand for labour in the tourism sector, labour shortages would still exist within specific tourism industries, particularly food and beverage services, as well as recreation and entertainment. Therefore, it would still be crucial for the tourism sector to respond to potential labour shortages proactively.

Increasing the Attractiveness of Entry-Level Tourism Occupations

Labour challenges in the tourism sector can be relieved to a certain degree by increasing the attractiveness of the sector as a place of employment and as a career choice. There are many examples of other sectors with programs aimed at increasing the awareness and attractiveness of their sector to potential employees. The Canadian Forces promote themselves by using a variety of channels and strategies to recruit young Canadians; recent television commercials have positioned the armed forces as an exciting and challenging place to work where people can make a difference in the world and in their community.

The tourism sector also promotes itself in a variety of ways, including at post-secondary institutions and at job fairs. The food and beverage industry has done an excellent job of portraying chefs and cooks as a highly skilled occupation with the potential for gaining celebrity status. Increasing the attractiveness of the tourism sector as a career choice and as a place of employment is a key strategy for reducing future labour shortages.

This scenario looks at the potential impact of increasing the attractiveness of entry-level, or near-entry-level,² occupations. Specifically, it examines the effect of increasing the rate of employment in these occupations by just 1 per cent per year from 2011 to 2020. The analysis suggests that increasing the rate by 1 per cent over 10 years could increase labour supply enough to fill an estimated 106,000 full-year jobs by 2025. (See Table 17.)

The effective increase in labour supply was tied to the relative degree to which overall employment among tourism industries depends on entry-level or near-entry-level occupations. None of the occupational groupings found in transportation or travel services were considered entry-level or near-entry-level. Therefore, based on the demographics of their existing labour force, increasing the attractiveness of positions in these industries had no effect in increasing the supply of labour in these areas. Increasing the attractiveness of entry-level or near-entry-level occupations was found to have the largest impact on the supply of labour in the food and beverage services industry, followed by accommodation, and then recreation and entertainment.

² The occupations considered to be entry-level or near-entry-level were those with the largest share of jobs held by workers aged 15 to 24 years old. Please see Appendix B for a full list of occupations that met the criteria of entry-level or near-entry-level.

Table 17: Effect of Increasing the Attractiveness of Entry-Level Occupations, by Industry
(difference in number of jobs supplied by 2025 vs. base-case scenario)

	Jobs	Per cent
<i>Transportation*</i>	n.a.	0.0%
Air transportation*	n.a.	0.0%
Rail transportation*	n.a.	0.0%
Other transportation*	n.a.	0.0%
<i>Accommodation</i>	9,446	3.4%
<i>Food and beverage services</i>	86,790	8.5%
<i>Recreation and entertainment</i>	9,763	3.2%
<i>Travel services*</i>	n.a.	0.0%
TOTAL LABOUR SUPPLY	105,999	5.6%

*Note: none of the occupation groupings in that industry revealed the largest share of employment was found among 15–24 year olds.

Increasing the attractiveness of entry-level tourism occupations was found to have a fairly consistent impact across all provinces in growing the aggregate supply of labour available for tourism occupations. This was because the share of employment among the three affected industries was fairly consistent. (See Table 18.)

Table 18: Effect of Increasing the Attractiveness of Entry-Level Occupations, by Province
(difference in number of jobs supplied in 2025 vs. base-case scenario)

	Jobs	Per cent
<i>Newfoundland and Labrador</i>	1,014	5.2%
<i>Prince Edward Island</i>	467	5.6%
<i>Nova Scotia</i>	2,360	5.5%
<i>New Brunswick</i>	1,779	5.9%
<i>Quebec</i>	21,059	5.6%
<i>Ontario</i>	42,749	5.6%
<i>Manitoba</i>	4,049	5.6%
<i>Saskatchewan</i>	2,966	5.9%
<i>Alberta</i>	12,983	5.6%
<i>British Columbia</i>	16,573	5.4%
TOTAL LABOUR SUPPLY	105,999	5.6%

The analysis shows that if the tourism sector increased the employment rate of entry-level tourism occupations by 1 per cent per year over the next 10 years, it could reduce the potential labour shortage in 2025 from 218,821 to 112,823 jobs. (See Table 19.)

Table 19: Effect of Increasing the Attractiveness of Entry-Level Occupations, by Industry
(potential labour shortage in full-year jobs in 2025)

	Base-case shortage	Scenario shortage
Transportation	22,104	22,104
Air transportation	7,510	7,510
Rail transportation	684	684
Other transportation	13,910	13,910
Accommodation	22,225	12,779
Food and beverage services	142,307	55,517
Recreation and entertainment	31,999	22,236
Travel services	186	186
TOTAL LABOUR SHORTAGE	218,821	112,823

Other benefits would also flow from increasing the attractiveness of tourism occupations. Employers would likely retain existing workers longer, which would improve the quality of service provided and the level of productivity. Additionally, efforts needed to train new recruits would likely diminish, and these efforts could potentially shift toward providing more sophisticated and efficient levels of service. This would also boost a business's bottom line, as less money would be spent on training and recruitment, while improved service could increase revenues by stimulating customer demand.

Developing and implementing a comprehensive strategy to increase the attractiveness of the tourism sector would pay large dividends for the country's tourism sector, which competes with many other sectors for the best workers. Increasing the attractiveness of the sector as a career choice for young Canadians should be considered a key strategy for dealing with a chronic labour shortage.

Accelerated Integration of New Immigrants Into the Tourism Workforce

Accelerating the rate at which recent immigrants to Canada enter the labour force would also benefit the tourism sector. This scenario examines the potential impact of speeding up the integration of new immigrants into the tourism labour force. While achieving this objective may be challenging, the scope of analysis used for this scenario is actually quite conservative.

According to Statistics Canada's publication, *A Portrait of Early Settlement Experiences* (2005), the employment rate among recent immigrants to Canada in 2001 was 44 per cent. This was considerably lower than the rate for Canadians overall, which was 61 per cent. In addition, the unemployment rate among recent immigrants who had lived in Canada for five years or less was 12.7 per cent, a rate considerably higher than that of Canadian-born residents, which stood at 7.4 per cent. The findings from the Statistics Canada report suggest the unemployment rate among immigrants drops to a level comparable to that of Canadian-born residents only after immigrants have been in Canada for at least 10 years.

This scenario looks at the potential labour supply growth that could be achieved by gradually increasing the rate at which new immigrants are integrated into the tourism workforce during their first four years

after receiving permanent immigrant status in Canada. The basic assumption of this scenario is that new immigrants to Canada could get their first job in the tourism sector more quickly, on average, than they currently do. Current integration rates used for this scenario are based on custom tabulations of data from Statistics Canada’s Longitudinal Survey of Immigrants to Canada.

Specifically, this scenario assumes that the rate of first-time tourism employment among most new immigrants currently achieved by the fourth year could gradually accelerate so that by 2025, it would be achieved by the end of the first year. This would be the case for all immigrant groups except refugees and “other” economic immigrants. For refugees and “other” economic immigrants, this scenario assumes that by 2025, their fourth-year rate could be achieved by their second year. These two groups are treated separately because refugees and “other” economic immigrants face specific challenges that would make it even more difficult for them to achieve their fourth-year rate of integration within their first year.

This scenario only looks at the first four years after immigrants receive their permanent immigrant status in Canada, because the data source used as a benchmark for this scenario only covers this initial four-year period. As a result, it is likely this analysis underestimates the potential effects of this scenario, as it would probably also boost integration rates beyond the first four years.

As well, this scenario isolates the effect of increasing the rate at which immigrants enter the tourism workforce. It does not, for example, include the effect of the previous scenario, which looked at the benefits of increasing the relative attractiveness of tourism occupations—even though the previous scenario would have an impact on the Canadian population as a whole, including new immigrants to Canada.

According to the analysis, accelerating the rate at which new immigrants enter the tourism workforce could increase the supply of labour in the tourism sector by 1.6 per cent by 2025, compared with the potential supply of labour projected in our base-case scenario. This would increase the supply of labour enough to fill 30,360 full-year jobs by 2025. (See Table 20.)

Table 20: Effect of Accelerating the Rate of Tourism Employment Among New Immigrants
(difference in number of jobs supplied by 2025 vs. base-case demand)

	Jobs	Per cent
<i>Transportation</i>	1,505	0.6%
<i>Accommodation</i>	3,457	1.3%
<i>Food and beverage services</i>	22,181	2.2%
<i>Recreation and entertainment</i>	1,733	0.6%
<i>Travel services</i>	1,486	2.4%
TOTAL LABOUR SUPPLY	30,363	1.6%

When looking at the impact by tourism industry, the analysis suggests accelerating the rate of tourism employment among recent immigrants would have the largest impact, by volume, on the supply of

labour in the food and beverage services industry, increasing it enough to fill 22,181 full-year jobs. In percentage terms, this scenario would have the largest impact on the labour supply of the travel services industry, increasing it by 2.4 per cent by 2025. This is because travel services employs the largest percentage of immigrant workers of all the tourism industry groups.

When looking at potential labour shortages in the tourism sector over the long term, the analysis suggests this scenario could significantly ease the projected shortage, reducing it from the equivalent of 218,821 full-year jobs in 2025 to 188,458 full-year jobs. (See Table 21.)

Table 21: Effect of Accelerating the Rate of Tourism Employment Among New Immigrants
(potential labour shortage in full-year jobs in 2025)

	Base-case shortage	Scenario shortage
<i>Transportation</i>	22,104	20,599
<i>Accommodation</i>	22,225	18,768
<i>Food and beverage services</i>	142,307	120,126
<i>Recreation and entertainment</i>	31,999	30,266
<i>Travel services</i>	186	-1,300
TOTAL LABOUR SHORTAGE	218,821	188,458

The efforts involved with accelerating the integration of new immigrants into the tourism workforce would likely have other long-term benefits for the tourism sector, such as improving retention levels. In addition, if other sectors of the economy are not able to integrate new immigrants to the same extent as tourism, despite reducing many of the common barriers, the tourism sector's share of new immigrants entering the Canadian labour force could increase further.

Summary

Expanding demand for tourism goods and services, combined with the slowing growth of the Canadian labour force, is leading to significant shortages in labour for the tourism sector. In 2007, the sector's supply of labour fell short of potential demand by an estimated 23,700 full-year jobs. By 2025, this figure could balloon to nearly 219,000 jobs, leaving 10.3 per cent of potential labour demand unfilled, according to the Conference Board's latest projections.

The Canadian economy fell into a recession in the final quarter of 2008, reducing employment in the tourism sector by an estimated 2.6 per cent. In fact, many segments of the tourism sector experienced a surplus of labour in 2009. However, as economic conditions gradually improve through 2010 and 2011, labour markets are expected to tighten once again, leading to severe shortages over the long term.

Labour shortages are projected to ramp up substantially by the middle of this decade, as the baby-boom generation transitions into retirement. Strong immigration and a higher degree of labour market participation by women will help fill part of the void left by the departing baby boomers, but overall growth in the Canadian labour force will not be enough to meet future demand.

It comes as no surprise that the provinces expected to see the largest shortfall in tourism labour are also the ones with the largest overall population: Ontario, British Columbia, Quebec, and Alberta. However, the Atlantic provinces are expected to suffer the most acute shortages, as a percentage of overall potential labour demand, ranging from 12.8 per cent in Prince Edward Island to 17.1 per cent in New Brunswick.

When looking at shortages by tourism industry, food and beverage services is forecast to suffer the largest labour shortfall by far, although shortages are also projected for the recreation and entertainment, transportation, and accommodation industries. The travel services industry is the only tourism industry not expected to see any significant labour shortages over the next 20 years.

This update of the Tourism Labour Supply and Demand study also examined three alternative scenarios that could affect the long-term outlook for tourism employment. The first scenario analyzed the impact of high oil prices on labour demand, if the price of oil rises to US\$175 by 2014. The analysis found that the decrease in tourism demand that would occur in this scenario would reduce the potential demand for labour, but labour shortages would still exist within specific tourism industries. Therefore, it would still be crucial for the sector to respond proactively to potential labour shortages.

The other two scenarios analyzed the impact of increasing the attractiveness of entry-level (or near-entry-level) tourism occupations and of accelerating the rate at which new immigrants enter the tourism workforce. The analysis showed that both strategies could help increase the potential supply of labour in the tourism sector, and thus help ease future shortages.

Economic theory suggests that tight labour conditions will inevitably lead to higher wages, as the competition for workers intensifies. But using wage increases as the sole strategy for attracting workers is an untenable solution in the long run. Although labour shortages could be alleviated if wages were increased enough, it would also force employers to pass the cost increases on to customers, thereby stifling tourism demand, and imposing a heavy toll on the tourism sector's profitability. This is clearly not a desirable outcome. Instead, raising the productivity of the tourism sector and improving the sector's ability to attract workers at the prevailing wage rate would be much more effective strategies.

Tourism Industry Consultations

To enhance the forecast data generated by the Conference Board’s macroeconomic model for this study update, tourism sector feedback was obtained through an online survey and a series of regional focus group sessions.

The purpose of these consultations was to receive industry input on regional and occupational labour issues affecting the tourism sector in Canada now and in the coming years. The findings from these industry consultations helped shape the final projections for this update of the long-term forecast for labour supply and demand in Canada’s tourism sector. They also contributed to the development of a priority action list found at the end of this chapter, which presents urgent issues the tourism sector and the government must address to mitigate worsening labour shortages in the tourism sector.

Online Survey

An online survey was conducted among tourism businesses across Canada between October and December 2009. The purpose of the survey was to compare current and future labour issues among tourism businesses relative to other operational and business challenges, by region and by industry group.

The results were then benchmarked against the previous survey conducted between December 2008 and February 2009, to obtain a snapshot of the effects of the economic recession on labour issues in the tourism sector during 2009. The previous surveys were conducted among a similar profile of tourism businesses in all regions across Canada, in all five tourism industries.

A total of 422 individuals completed the online survey, in either English or French.

Profile of Survey Respondents by Industry:

Transportation:	12
Accommodation:	214
Food and beverage services:	46
Recreation and entertainment:	104
Travel services:	46

Please note that the results were **not weighted to account for regional or industry differences, and should therefore be interpreted qualitatively**. Below is a summary of the key findings from the survey results.

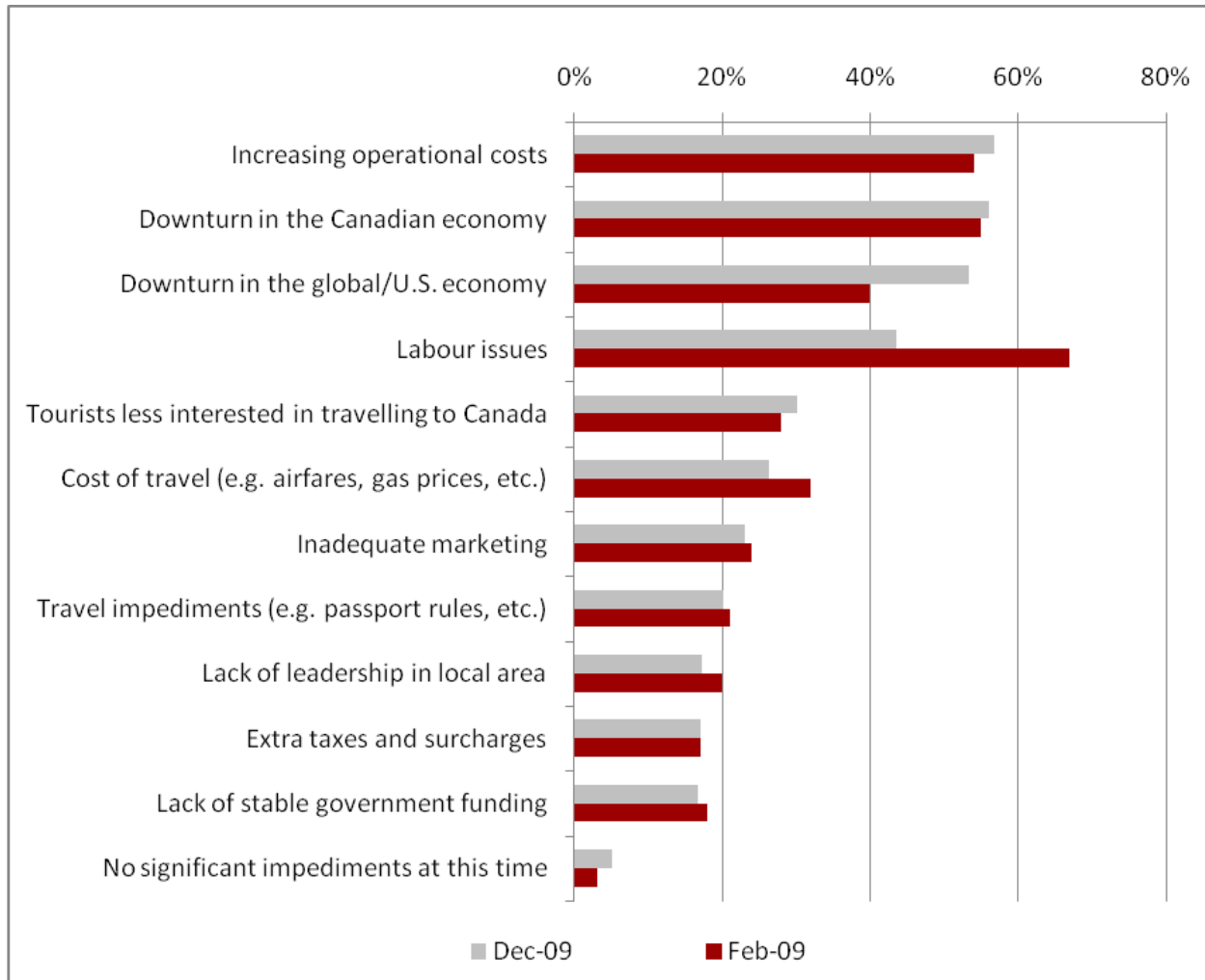
Concerns About Labour Issues Ease—For Now

Labour issues have eased significantly among tourism businesses in Canada since the previous survey was conducted in February 2009, mainly because of the effects of the economic recession. In fact, less than half of the respondents (44 per cent) polled between October and December 2009 said labour

issues were a significant impediment currently facing their company, down from 67 per cent in the previous survey.

Instead, respondents in the latest survey were much more concerned about the financial state of their businesses. The two most frequently cited impediments were increasing operational costs (mentioned by 57 per cent) and the downturn in the Canadian and global economies (cited by 56 per cent and 53 per cent, respectively). (See Chart A.)

Chart A: Significant Challenges Facing Tourism Businesses Today
(per cent of respondents)

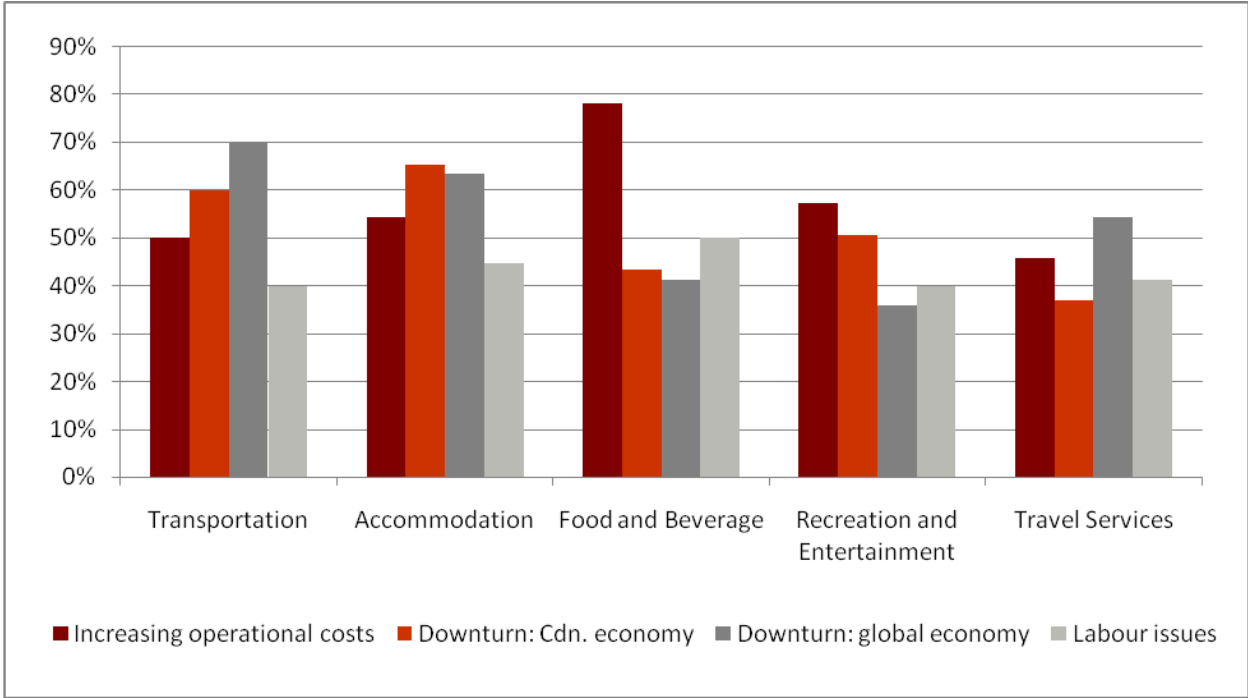


Source: The Conference Board of Canada.

When results were broken down by tourism industry, there were a number of notable differences in the types of business impediments each industry was facing. Increasing operational costs appeared to have the largest impact on food and beverage businesses, with 78 per cent of respondents in that industry citing it as a challenge. In contrast, economic challenges appeared to be most severe among respondents in the transportation and accommodation industries.

Among those who continue to experience difficulties with labour, the food and beverage industry reported the highest incidence of lingering labour challenges. Half (50 per cent) of the respondents in this industry cited labour issues as a current problem for their business. On the other hand, respondents in the transportation industry and the recreation and entertainment industry reported the lowest incidence of labour issues. (See Chart B.)

Chart B: Significant Challenges Facing Tourism Businesses Today, by Tourism Industry
(per cent of respondents, December 2009)



Source: The Conference Board of Canada.

The 44 per cent of respondents who indicated that labour issues were still a challenge were then asked about the types of labour issues they were facing. Based on the rankings assigned by the respondents, it appeared that the most challenging issue among this group was finding qualified and reliable staff. Number two on the list was high wage expectations among potential candidates, and number three was a shortage of skilled labour. (See Table 22.)

Table 22: Top Five Labour Issues Facing Tourism Businesses
(ranking, based on degree of significance assigned by respondents)

1.	Difficulty finding qualified, reliable employees
2.	Wage expectations of potential candidates are too high
3.	Shortage of skilled labour in local area
4.	Difficulty retaining qualified, reliable employees
5.	Young people uninterested/unaware of tourism jobs

Source: The Conference Board of Canada.

Respondents in this group were then asked to indicate which occupations in their respective industries were most affected by labour issues. Respondents in the food and beverage industry reported that they were having the most issues with cooks (cited by 87 per cent) and servers (65 per cent).

Respondents in the accommodation industry reported that light-duty cleaners/housekeeping room attendants (79 per cent), front desk clerks (67 per cent), and chefs/kitchen managers (53 per cent) were the occupations most affected by labour issues.

In the transportation industry, respondents reported that pilots (50 per cent) made up the occupational group most affected by labour issues.

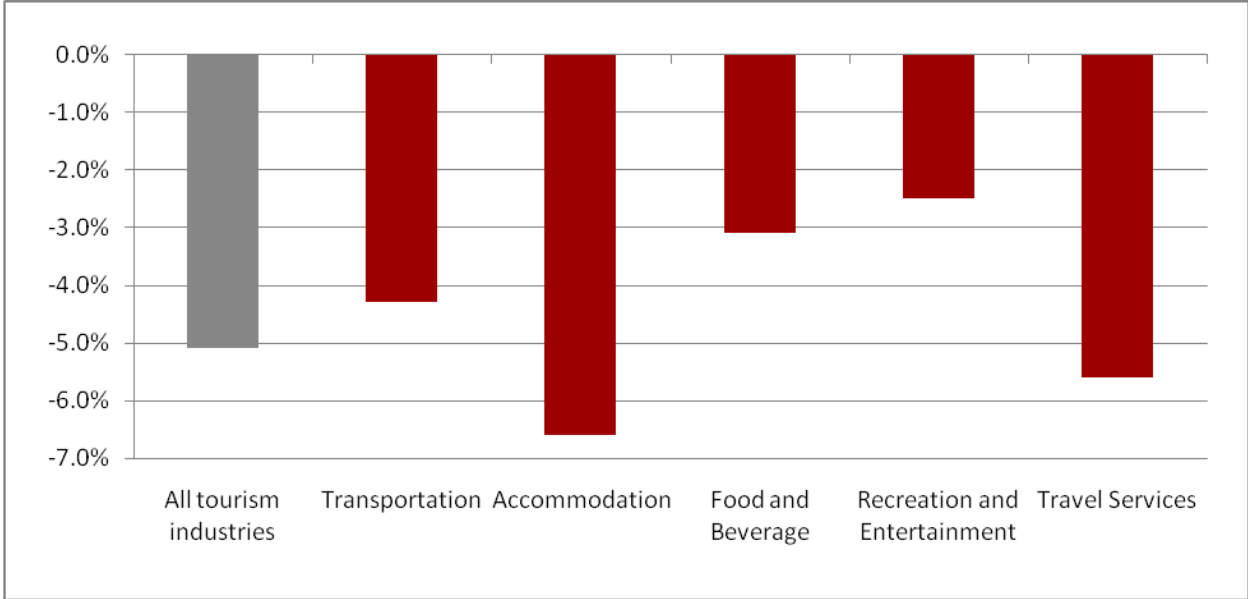
Effects of Recession and Tourism Outlook

The survey also asked tourism businesses about the impact of the economic downturn on their revenues and staffing levels in 2009. Most respondents said their revenues were lower in 2009 than in the previous year.

The average decline in revenues among all respondents was 5.1 per cent. The most severe losses were reported by those in accommodations: the average decrease among these respondents was 6.6 per cent.

Conversely, those in the recreation and entertainment tended to be the least pessimistic about their performance in 2009: revenues among respondents in this industry decreased an average of 2.5 per cent. Increased local demand likely helped offset declining foreign and domestic tourism demand for this industry.

Chart C: Changes in Revenues Among Tourism Businesses in 2009, by Tourism Industry
(average change reported by respondents in each industry in December 2009)



Source: The Conference Board of Canada.

In response to the economic downturn, survey results suggested that tourism businesses tended to scale back their staffing levels in 2009 compared with 2008 for full-time, part-time, and seasonal positions. This was certainly the case among respondents in the accommodation, food and beverage, and travel services industries.

Seasonal jobs in the accommodation and transportation industries were cited most frequently as having been reduced in 2009 compared with 2008.

Respondents in the recreation and entertainment industry reported keeping their part-time staffing levels about the same, on average, but slightly reducing full-time and seasonal positions in their businesses.

In addition, respondents in the transportation industry appeared to have slightly increased their employment of full-time workers, while cutting back on part-time and seasonal jobs.

Labour Issues Expected to Increase as Tourism Demand Picks Up

Respondents were then asked about their expectations for tourism demand over the next three to five years. Similar to the previous survey in February 2009, respondents were cautiously optimistic about local and Canadian domestic markets, but were much more subdued in their outlook for U.S. and overseas markets. (See Table 23.)

On average, tourism businesses with operations in one region expected to see slight growth in local and domestic markets over the medium term. On the other hand, these respondents believed demand from U.S. and other international markets could decrease slightly over the same period

Expectations among respondents with operations in more than one region were somewhat more pessimistic. On average, this group expected little change in tourism demand from domestic visitors over the next three to five years. They also expected a further, albeit slight, decline in demand from other international markets and a moderate reduction in demand from U.S. visitors.

Table 23: Expectations for Tourism in the Next Three to Five years
(average response, ranging from 1 = worsen dramatically to 9 = improve dramatically, 5 = no change)

Category of respondent*	Local market	Domestic market	U.S. market	Other intl. markets
Regional respondents (demand in local region)	5.50	5.27	4.43	4.73
National respondents (demand in Canada, overall)	n.a.	5.00	3.71	4.47

* Note: Regional respondents are businesses with operations in a single region; national respondents are businesses with operations in more than one region.
Source: The Conference Board of Canada.

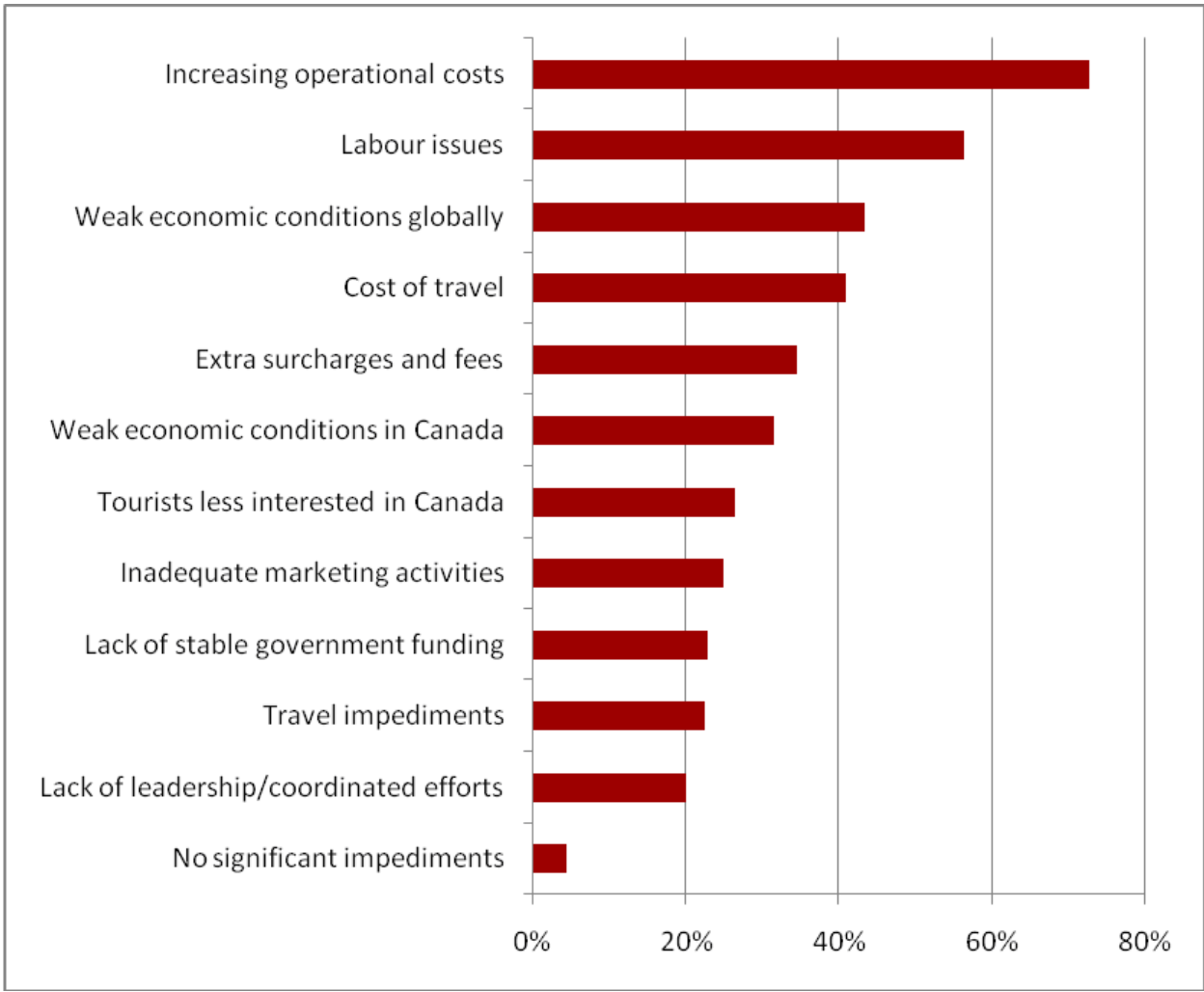
When broken down by industry, those in travel services appeared the most optimistic; the average response among that group of respondents suggested tourism demand would improve for all markets

over the next three to five years. In contrast, those in the transportation industry were least optimistic; the average response among that group suggested travel demand from local and domestic markets would stay about the same, and that demand from U.S. and international markets would deteriorate.

When asked about the business challenges they expected to face in three to five years, respondents generally believed that labour issues would rise in importance again. About 56 per cent of respondents expected labour issues to be a significant impediment for their business in the future. However, increasing operational costs retained its top spot in the list of potential challenges, cited by nearly 73 per cent of respondents. Concerns about the global economy came in third at 43 per cent. (See Chart D.)

The results of the survey suggest that as tourism demand picks up over the next three to five years, labour issues will emerge once again as a significant challenge among tourism businesses.

Chart D: Significant Challenges Tourism Businesses Expect to Face in Three to Five Years
(per cent of respondents in December 2009 survey)



Source: The Conference Board of Canada.

Focus Group Sessions

During the final three months of 2009, a series of 14 focus group meetings were held across Canada. The purpose of these consultations was to obtain industry feedback about the Conference Board's latest projections for the supply and demand for labour in the tourism sector, updated to take into account the effects of the global economic recession in 2009. Participants were also asked about the impact of the economic downturn on the tourism sector in their own regions.

The meetings involved a cross-section of tourism sector stakeholders, representing all five tourism industries: transportation, accommodation, food and beverage services, recreation and entertainment, and travel services. Participants ranged from business owners and operators, human resource managers, and representatives from tourism human resource organizations.

In all, a total of 97 individuals participated in these consultations.

It should be noted that as a research methodology, focus groups are used to identify issues and concerns related to a particular topic among a selected group of individuals. They are not meant to quantify the magnitude of the issues, nor do they necessarily elicit views that are totally representative of the general population, in this case the tourism sector.

The focus group sessions began with a presentation of the Conference Board's preliminary updated projections for labour supply and demand in the tourism industry out to 2025, with a particular focus on the impact of the economic recession of 2008 and 2009. The presentation was followed by a discussion that covered the following key points:

1. The impact of the economic recession on the tourism sector in 2009, in terms of tourism revenues and labour supply and demand
2. The outlook for the tourism sector in 2010
3. Labour and revenue challenges facing the tourism sector over the next three to five years
4. Priority areas the tourism sector and government must address to respond to future labour shortages effectively

Summary of Key Findings

This summary presents the key findings from the focus group consultations. The summary includes common themes that emerged across all regions, as well as regional differences.

Impact of the Economic Recession

There was a substantial change in attitude among focus group participants in the final three months of 2009 compared with the previous series of sessions held in February 2009. In the early part of the year, tourism businesses were still reporting a significant number of labour market challenges in many regions of the country, and were only beginning to feel the effects of the economic recession. By the end of the year, the labour market had loosened substantially, and nearly all participants agreed it was much easier to recruit and retain staff than it had been a year earlier.

The downturn in the global economy had a severe impact on domestic and international tourism in 2009, keeping travellers closer to home. Thus, it was not surprising that tourism businesses in the transportation and accommodation industries, which rely more heavily on tourists coming from other parts of the country and from abroad, tended to report the most severe revenue losses in 2009. Other industries, such as food and beverage as well as recreation and entertainment, were able to benefit from an uptick in regional and local demand that stemmed from the “staycation” trend that emerged.

In fact, many food and beverage occupations continued to present staffing challenges for businesses in many parts of the country, despite the overall slackness in the labour market. Chefs, other kitchen workers, and entry-level counter staff were among the jobs that continued to be difficult to fill in 2009. Some occupations in the accommodation industry, such as housekeeping room attendants, also remained challenging to fill.

Another aspect of the economic downturn that affected human resources in the tourism sector was the increase in last-minute bookings and walk-in business. Many participants with small businesses said this trend had made it much more difficult for them to plan their staffing needs.

Regional Perspective

British Columbia—Most of the focus group participants from B.C. reported a sharp drop in tourism revenues in 2009 from the previous year in all travel segments. Corporate business and visits from the United States were the two markets cited as having decreased the most, especially in Vancouver.

In response to the downturn, most businesses said they had avoided laying off their full-time staff, but had reduced their use of part-time or seasonal workers. Some said they tried to move staff around to increase the efficiency of their workforce. A number of participants had imposed a wage freeze, but none reported rolling back wages. On the upside, most businesses in attendance had experienced a reduction in staff turnover, and found it much easier to recruit employees than they did a year earlier.

Prairie provinces—In the Prairies, responses about the effects of the economic recession were mixed. Generally, participants in Alberta reported the greatest change in revenues and labour conditions compared with a year earlier, while the impact of the downturn in Saskatchewan and Manitoba appeared to be much softer.

The Alberta economy was hit hard by the global recession. Most participants reported a sharp downturn in tourism revenues and a considerable turnaround in labour market conditions compared with a year earlier. It was suggested that northern regions of the province suffered the largest downturn in tourism demand, mainly because of the impact of the recession on the oil and gas sector in that area.

Attractions in the province appeared to fare better in 2009 than other types of tourism businesses because of a pronounced “staycation” trend in Alberta. Residents tended to vacation close to home in 2009, helping to boost local visits to Drumheller, the Calgary Zoo, and many other Alberta destinations.

In response to the downturn, some smaller businesses reduced their hours of operation to cut back on costs. Most participants had greatly reduced staff hours while trying to avoid laying off workers.

Nearly all had experienced a considerable reduction in staff turnover, and almost all of the participants found it much easier to recruit workers than they did a year earlier. According to some, layoffs in the oil and gas sector had significantly loosened labour market conditions in the province.

However, there were still a number of labour challenges brought up during the Alberta focus groups. A participant representing a mountain resort still found it difficult to find seasonal workers willing to relocate to the area. In addition, participants from Calgary and Edmonton continued to employ temporary foreign workers throughout the economic downturn for jobs that remained challenging to fill, such as housekeeping, because they were unable to find local residents willing to do those jobs. Moreover, a number of participants noted that the decrease in advance bookings and increase in walk-in business had made it difficult to plan staffing needs.

In sharp contrast, participants in Saskatchewan were much more upbeat about business conditions in 2009. They reported seeing fewer visitors from outside the province, but said this decline had been largely offset by a rise in travel within Saskatchewan. In general, participants from Regina and surrounding areas were most positive about tourism demand in 2009, while some of those in other rural areas of the province and in Saskatoon reported small declines in revenues compared with 2008.

Most of the Saskatchewan participants did have an easier time recruiting staff in 2009, even in rural areas. They reported an increase in applications for job postings, a marked decrease in turnover, and a greater level of stability in the labour force, overall. Nevertheless, many of the tourism occupations that have faced the most acute labour shortages in recent years, such as housekeeping and serving jobs, remained difficult to fill in 2009.

One participant said his hotel company had expanded its workforce in 2009, and had transferred employees to Regina from other locations in Alberta, including a number of temporary foreign workers. Another participant had anticipated a downturn in tourism because of the recession, and had therefore hired fewer seasonal workers. However, tourism activity did not decrease, so the organization was forced to increase efficiencies with fewer staff.

The economic recession did put pressure on demand for meetings and conventions in Saskatchewan. This trend prompted a few participants to be more cautious about hiring, particularly since corporate clients were looking for ways to reduce event costs. But, since most large events are booked years in advance, the effects of the economic recession are expected to have their greatest impact on the meetings and conventions segment in the future. In addition, one rural participant noted that his organization relied heavily on government funding and other donations, which had decreased during the recession.

In Manitoba, feedback from focus group participants suggested the economic recession had only a mildly negative effect on tourism revenues. Domestic, U.S., and overseas visits all declined in 2009, but the strength of the local economy helped offset the weakness in tourism demand. Still, tourism businesses increased their efforts to reduce operational and labour costs in response to the downturn. They also saw customers reining in their spending and, in some cases, trading down to less expensive goods and services in response to the economic climate.

Participants from Winnipeg found that hiring challenges and staff turnover had eased in 2009, although many labour market issues remained a problem. It continued to be difficult to recruit workers for entry-level positions in food and beverage occupations and for other typically hard-to-fill positions like housekeeping. Skilled tradespeople were also in high demand. Several participants said they had turned to immigrant communities in Winnipeg as a source of labour, with a great deal of success.

Outside Winnipeg, labour issues appeared to be even more acute. One participant said his restaurant company continued to face significant challenges with staffing its remote northern location. Another participant reported that changes in Transport Canada's marine licensing rules had had a devastating effect on small fishing resorts in the north, resulting in a severe shortage of licensed guides for resorts in remote areas.

Central Canada—Among all the focus groups, participants in Ontario reported the most severe effects of the economic recession in 2009, particularly in Toronto and Niagara Falls. Participants from those regions reported sharp decreases in tourism revenues, largely because of a significant drop in U.S. visitors, as well as a moderate decrease in overseas visitors.

On the other hand, participants from Ottawa and surrounding areas appeared to experience a softer impact from the recession. Several reported an increase in demand from local residents and surrounding regions, which helped to offset the loss in revenues from visitors coming from outside the province.

Most participants in Ontario said they had reduced staff hours and scaled back their hiring, especially in Toronto. Yet many noted that the higher incidence of last-minute bookings made it difficult to plan staffing needs. Virtually all participants in Ontario said they had found it much easier to fill positions—except for the resorts outside urban areas, which continued to face challenges in recruiting seasonal staff because of their locations.

Similar to Ontario, many participants in Quebec experienced a decrease in tourism revenues in 2009, especially in Montréal and Québec City, where the tourism sector was hurt by the decrease in U.S. and overseas visitors. Outside the major centres, reports tended to be more positive, as many participants in rural areas were able to benefit from an increase in travel within the province. Some rural attractions, such as parks and campgrounds, saw significant year-over-year growth in visitors.

But unlike in Ontario, labour issues in Quebec did not appear to ease much at all in 2009, despite the decrease in overall tourism demand. Montréal was the only location in the province where participants reported a decrease in hiring. However, nearly all participants from Montréal and rural areas of the province agreed there was still an acute shortage of cooks and chefs, while some also reported a shortage of servers.

Many participants from Quebec talked about the seasonal nature of tourism in the province and the huge challenges associated with filling seasonal positions, especially in rural areas. In fact, the economic recession seemed to exacerbate these issues, because businesses were unable to guarantee hours, making seasonal jobs even less appealing. Issues with hiring university students—who are a good fit for many seasonal tourism jobs, but who must quit their jobs to return to school a full month before the end of the tourism season—were mentioned frequently.

Atlantic Canada—Among all the focus groups held in Atlantic Canada, participants in Prince Edward Island tended to be the most pessimistic about the impact of the economic downturn on tourism demand. Participants reported that tourism revenues had decreased substantially in 2009, with virtually no boost in local or regional demand to help offset the drop in tourism. The province relies heavily on tourists from Asian markets, which were hit severely in 2009 by a combination of the global economic recession and the H1N1 flu pandemic. Those in rural areas appeared to be hit the hardest by the downturn in tourism.

The tourists who did travel to and within the Island tended to seek out less expensive travel options, such as staying in campgrounds rather than at a hotel or bed and breakfast. The Canada Summer Games were held in P.E.I. in August 2009, and they provided Charlottetown with a significant short-term boost, but the spin-off benefits of the event did not appear to extend out to the rural areas of the Island.

In response to the downturn, many tourism businesses in the province were forced to lay off employees. Nevertheless, some positions remained difficult to fill, including chefs, housekeepers, and various seasonal jobs. Participants discussed the challenge of hiring university students for seasonal jobs, who must return to school before the end of the tourism season. As a solution to this problem, one participant said her company had restructured its recruitment framework to hire more part-time workers, to accommodate student schedules.

Participants in New Brunswick also reported a decrease in tourism revenues in 2009. However, similar to Quebec, participants indicated that a rise in local and regional tourism helped make up for the loss in visitors from outside New Brunswick. As a result, rural areas appeared to fare better through the downturn than urban areas, as many provincial attractions recorded an increase in visitors from a year earlier. Conversely, tourism businesses in Saint John were hit hard in 2009 by a decline in business travel, resulting in a significant drop in revenues for the year.

None of the participants in New Brunswick reported laying off staff in 2009, but some reduced staff hours and scaled back their hiring for the year, increasing staff efficiencies by implementing cross-training regimes. Still, when asked if it was easier to recruit staff in 2009, participants suggested that filling certain food and beverage positions remained as challenging as ever. One suggested that tight labour markets in previous years had led to complacency among some workers that persisted during the recession; in other words, some workers felt they did not have to try as hard, because during periods of acute labour shortages, employees had the upper hand.

Generally, it appeared that businesses in New Brunswick saw an increase in the overall number of available workers in 2009, but not necessarily an increase in qualified workers. One participant suggested that the economic downturn made it more important to find competent staff in order to be competitive, which meant that staffing challenges had worsened with the recession.

In Nova Scotia, reports about the impact of the economic recession were similar to the feedback heard in New Brunswick, although labour challenges appeared to have eased even less in Nova Scotia. A few participants from Halifax reported laying off staff or scaling back on their hiring, and most agreed that staff turnover had fallen. But some of the rural businesses said they were reluctant to cut back on

staffing because recruitment continued to be difficult, especially for food and beverage jobs, and they were afraid they would not get the workers back when they needed them.

In fact, most participants, whether in rural or urban areas, reported continued shortages in kitchen staff, chefs, and front-line management positions. Some jobs in the accommodations industry, including front desk and housekeeping personnel, also remained challenging to fill.

Among all Atlantic Canadian participants, those in Newfoundland and Labrador were the most positive about their financial performance in 2009. Tourism revenues were down in St. John's, dampened by a decrease in cruise ship visitors and a reduction in business travel, but participants said that businesses in other parts of the province had experienced growth over the previous year.

Many participants praised the province's promotional efforts for the tourism sector, suggesting that its marketing campaigns had boosted travel within the province and attracted more visitors from other parts of Canada. The recreation and entertainment industry appeared to reap the most benefits from this uptick in domestic visits.

Some businesses reduced staff hours, but mainly because the province had raised its minimum wage in 2009, which increased labour costs. Although labour issues in the province had eased somewhat, tourism businesses said they still found it difficult to recruit workers, especially young people, for entry-level food and beverage jobs. French-speaking workers were also in high demand.

Tourism Revenue and Labour Market Outlook (2010 and Beyond)

British Columbia—Participants in Vancouver expected a short-term boost from the Olympic Games, but beyond that were cautious in their outlook for tourism demand. The province's harmonized sales tax regime, scheduled to come into effect on July 1, 2010, is expected to have a negative effect on B.C.'s tourism sector. Participants from outside Vancouver did not expect to benefit greatly from potential spin-off tourism from the Olympics, and expected conditions would stay about the same in 2010 as they were in 2009.

Most participants expected staff shortages to be acute in Vancouver during the Olympics, and some said they were working with local colleges to recruit students to help fill the gap. One attendee noted his company was using the strategies learned during the recent labour shortage to recruit and retain staff over this period. However, once the games ended, participants expected to see a flood of available workers enter the Vancouver labour market.

Looking further ahead, tourism demand throughout the province was expected to improve gradually over the next several years. One participant commented that it would likely take years before labour market conditions in the province returned to those seen before the recession.

Prairie provinces—Similar to those in B.C., participants in Alberta did not anticipate labour market conditions would change over the short term. They expected tourism demand would stay the same or perhaps decline slightly in 2010 compared with 2009. Most indicated they would keep a tight rein on staffing levels over the next year, and some said they may cut back even further on part-time and seasonal workers. Over the medium term, Alberta's labour market was expected to begin tightening

again once the oil and gas sector picked up, and participants believed this would have the greatest effect on the labour supply in smaller communities.

One Alberta participant said his company was taking advantage of the slower tourism demand period by ramping up staff training. This was helping the company prepare for future periods of high demand by converting some part-time employees to full-time status, and by moving staff up into positions of higher responsibility.

A number of Alberta participants said they would like to hire more temporary foreign workers to fill current and future staffing gaps. They tended to be quite positive about the quality of workers they had hired through the program, but found the application process to be so burdensome that it prevented them from using the program more extensively.

Participants in Saskatchewan and Manitoba were slightly more optimistic about their growth prospects in 2010. Some said they planned to keep their staffing levels stable over the short term, while others planned to increase hiring minimally. Most agreed that labour shortages would rise steadily over the next several years. Businesses were particularly concerned about the future supply of workers aged 15 to 24 years old, as they are increasingly difficult to recruit; moreover, enrolment in tourism courses is declining.

Still, many Saskatchewan participants believed that migration from other provinces would continue to augment their province's labour force in the coming years. Many also saw a great deal of potential in engaging workers from Aboriginal communities. A few attendees discussed their concerns about succession planning and their ability to recruit middle and upper management positions in the future, especially as baby boomers leave the workforce.

Central Canada—Participants in Toronto and other parts of southern Ontario were the least optimistic in their short-term outlook for tourism among all focus group participants. Toronto attendees, in particular, were very concerned about the persistent weakness in U.S. visits. Those in Ottawa and surrounding areas were slightly more positive, expecting higher growth in tourism demand in their region than they had seen over the past several years.

However, all participants in Ontario agreed that labour issues would ramp up over the medium and long term. Many were concerned about the decreasing availability of younger workers, and one person suggested that the minimum age for workers could be lowered to help address this challenge. Participants were also concerned about succession planning and filling management positions in the future. Some said they would like to hire more temporary foreign workers but, like participants in Alberta, found the process to be prohibitively onerous and time-consuming.

Participants in Quebec generally anticipated a prolonged recovery period for the province's tourism sector. Businesses in Montréal expected staffing levels to stay lower over the short to medium term than they had been in recent years. Yet, at the same time, participants expected labour issues to keep worsening.

Many attendees in Quebec viewed the provincial government as a logical source of potential solutions to worsening labour challenges. The most frequently cited issue was the structure of provincial social

programs, such as employment insurance and old-age benefits. Many believed that by making the programs more flexible, recipients of these programs could increase their participation in part-time or seasonal jobs. One such suggestion was to loosen rules around the amount of time seniors could work while still collecting old-age benefits.

Atlantic Canada—Expectations for tourism in Atlantic Canada over the short and medium term were mixed. Participants in Prince Edward Island were the least optimistic, with some expecting further declines in tourism demand in 2010. However, others suggested that labour shortages could return to the Island by 2011 or 2012, mainly because of an overall increase in the demand for labour on the Island as the economy recovers, as opposed to a rise in tourism demand. One participant noted that older workers and new immigrants to Canada had been helping to fill labour gaps in the region; he viewed these two labour pools as offering significant potential in addressing labour shortages in the future.

The outlook for tourism in 2010 was slightly more optimistic in New Brunswick and Nova Scotia, with most participants expecting demand to either stay flat or grow slightly. Many expected labour shortages to return by 2012 as a result of the recovery in tourism demand. When asked about potential sources of labour, tourism businesses believed older workers could help fill future labour gaps.

In New Brunswick, First Nations communities in the province were also mentioned as a potential source of labour supply growth, although it was noted that the region would need to develop strategies to engage these communities. Another suggestion was to break down job duties and distribute them differently so that workers could potentially cover duties associated with more than one job.

Tourism businesses in Newfoundland and Labrador appeared to be the most optimistic about growth prospects for the tourism sector in 2010 and beyond. Most expected tourism demand to increase over the short and medium term, fuelled in part by growth in the oil and gas sector. Furthermore, the provincial government has set a goal to double provincial tourism revenues over the next 10 years.

Consequently, participants expect rising tourism demand will greatly increase labour market pressures in the province. They are very concerned about potential sources of labour, given that the province's population is aging and is projected to shrink over the long term. It was also noted that the province cannot rely on international immigration to boost its labour supply the way many other provinces can. Participants saw great potential in engaging more older workers to help fill labour gaps, even though employers must accommodate their personal schedules and physical limitations.

Potential Sources of Growth for Labour Supply

The tourism sector is experiencing a temporary reprieve from the labour shortages seen in recent years, but it is clear that labour markets will tighten again as economic conditions recover. Focus group participants were asked where they expected to find workers in the future, as the demand for labour ramps up. Participants highlighted the following labour pools as potential sources of growth in labour supply for the tourism sector:

Older workers—A growing number of tourism businesses in Canada are hiring older workers, with largely successful results. The vast majority of focus group participants agreed that mature workers enhance the work environment, by setting a good example for younger workers and by contributing

good customer service skills. Given that the average age of Canada's population is projected to rise significantly over the long term, this pool of workers could be a key source of labour supply growth over the long term. And since Canadians now entering retirement age tend to be healthier and more fit than previous generations, many are interested in working part-time after they retire from their primary career, to stay active and engaged in the community.

However, to attract and retain older workers, businesses have to be prepared to offer part-time, flexible hours and to accommodate physical limitations. One company noted they had restructured their seniority system to allow workers aged 55 and older to reduce their hours and still retain seniority. It would also be helpful to identify the jobs best suited for older workers, and structure the jobs in a way that would enhance their appeal for this labour pool. Participants suggested that older workers would be well-suited for tour guide positions. It could also be helpful to set up job banks geared specifically to older and semi-retired workers, similar to the job banks set up for hiring students.

New immigrants to Canada—This labour pool is typically considered to be a more viable option for larger centres where immigrants tend to settle, such as Toronto, Ottawa, Montréal, and Vancouver. Yet a growing number of businesses in other areas, including Calgary, Regina, Winnipeg, and Charlottetown, acknowledge the potential of this labour pool. In fact, some participants viewed international immigration as a crucial source of labour supply growth in the future, since it will be a key driver of long-term growth in the Canadian population.

Participants in the latest series of focus groups were generally quite positive about their experiences with hiring new immigrants to Canada. However, there was little discussion about ways to facilitate the integration of new immigrants into the Canadian labour force. In past focus group sessions, participants offered a number of suggestions for enhancing labour force integration, including creating mentorships, developing partnerships with community agencies that serve new immigrants, and occupation-specific training to improve language and customer-service skills.

Temporary foreign workers—Tourism businesses across Canada have hired temporary foreign workers in recent years through the Temporary Foreign Worker Program run by Human Resources and Skills Development Canada and Immigration Canada. However, nearly all of the participants who have used the program believe that the inflexible and burdensome application process severely limits its potential for increasing the future supply of labour. The problems with this program were discussed extensively in the sessions held in B.C. and Alberta, where labour shortages were particularly acute leading up to the recession, and many companies had used this program to recruit workers.

Unfortunately, the current framework of this program is not perceived as being well-suited to the tourism sector, where many jobs are part-time or seasonal. The national occupational classifications used by the program do not necessarily correspond with how employers classify their employees. A frequent suggestion among focus group participants was to share seasonal temporary foreign workers with countries that have complementary tourism seasons: for example, hotel workers from Mexico could work in a Canadian hotel during the summer, then return home to work in the Mexican hotel industry during their high season in the winter.

Aboriginal communities—Increasing the participation rate of Aboriginal people in the tourism sector workforce was discussed in Saskatchewan, Alberta, and New Brunswick. Many believed this labour pool offered significant potential for growth that was largely untapped in Canada, except in Saskatchewan.

There are social and cultural sensitivities that need to be considered when hiring Aboriginal workers, and employers need to be aware of the transitional difficulties involved with moving out of remote aboriginal communities and into cities. Some focus group participants in Saskatchewan appeared to have made significant progress in forging relationships with provincial Aboriginal communities, and these success stories could help guide other businesses hoping to reach out to these communities.

Increasing the Productivity of the Labour Force

In addition to seeking out new sources of labour to grow supply, it may also be possible to help alleviate future labour shortages by increasing the productivity of the current workforce.

The adoption and integration of labour-saving technology is a key method of improving labour force productivity for many sectors of the Canadian economy. However, focus group participants continue to be reluctant to include technology among the list of potential solutions for future labour shortages in the tourism sector. Participants believe that good customer service is crucial to a positive experience for tourists, and human interaction is an essential element of this.

But, that being said, participants brought up a number of ways in which technology could be used to reduce labour requirements. For example, a tourist attraction in Calgary plans to invest in electronic kiosks to replace some of its front-line workers. In addition, several participants mentioned that transferring some operational systems to online platforms had helped increase management efficiencies.

Aside from technological solutions, focus group participants also mentioned other ways they had increased labour efficiencies. For example, a number of businesses in Atlantic Canada said they had increased the productivity of kitchen operations by purchasing prepared ingredients to reduce in-house prep time, and by installing new ovens that reduce cooking times.

In addition, a participant in New Brunswick suggested that occupations could be broken down into job duties, to provide employers with a greater degree of flexibility in covering those duties. In this way, duties could be redistributed among a smaller number of workers, or redistributed among workers with special needs or physical limitations.

In some cases, it could also be helpful to break down jobs into units of hours, to help employers develop methods of increasing productivity or redistribute job duties. It could also help facilitate the development of policies for job-sharing among employees or for sharing staff with other businesses.

Priorities for Addressing the Looming Labour Shortage

Throughout the consultations conducted for this study, participants identified a number of urgent issues the broader tourism sector and all level of governments must address to respond effectively to looming

labour shortages. The following list presents the priority actions stakeholders have identified as having the greatest potential effect on expanding the supply of labour and on improving labour force productivity in the tourism sector.

Priorities for the Tourism Sector

Enhance the image and appeal of tourism jobs—The tourism sector must ramp up its efforts to collectively promote tourism as a viable career option for young people. This point continues to be brought up by focus group participants in every region of Canada. Boosting the image and appeal of tourism jobs is viewed as crucial to the sector's ability to recruit and retain workers over the long term. Participants regularly presented a number of suggestions for accomplishing this goal:

- **Showcase the professional benefits of a tourism career to students:** this could be done through informal activities, such as school presentations, or more formal methods, such as developing co-op programs; another frequent suggestion was to develop promotional campaigns, similar to the way the Canadian Forces uses television ads to present military careers as exciting and adventurous. One participant suggested that destination marketing could also play a role in this, as people may be more excited about working in their local tourism sector if they are more excited about the image of their city as a tourism destination.
- **Adjust to the needs and expectations of younger workers:** successful recruitment and retention of younger workers often involves innovative approaches that go beyond wage incentives. It requires businesses to adjust their management styles to accommodate the needs and expectations of young workers, which typically include schedule flexibility and other non-traditional benefits. In past focus group sessions, participants have mentioned strategies such as offering MP3 players as a retention bonus or providing staff with gym memberships. Many companies in the information technology sector have successfully developed workplace cultures that cater to the needs and expectations of younger workers, and these examples could help guide the tourism sector in developing youth recruitment strategies.
- **Increase the focus on skills training:** employee training was often brought up as key to enhancing perceptions of tourism as a career, as workers can only move up in an organization if they have the skills to do so. Mentorship programs and leadership training were mentioned as important elements of successful training efforts, and may also help address issues with employees' work ethic.
- **Expand the number of standardized certification programs:** enhancing the sector's professional image through standardized certification programs was another frequent suggestion. In Europe, workers in a wide range of tourism occupations receive formal training and certification, which gives those positions a sense of professionalism. As an example of this, focus group participants in Prince Edward Island mentioned that the Red Seal program for chefs at the culinary school in Charlottetown had helped restaurants in the area retain staff.

Create partnerships to share workers—creating partnerships to share seasonal workers among tourism businesses was an idea frequently brought up in focus group sessions. For example, a partnership

between a ski lodge and a golf course could result in full-time jobs for those who work part of the year at one business and then the rest of the year at the other. This could be an effective method of attracting and retaining workers who might not otherwise want a seasonal job. A participant in Saskatoon took this a step further and suggested that Canadian businesses could share staff with businesses outside Canada with different tourism seasons.

This strategy could also work for businesses interested in sharing part-time workers to create full-time opportunities. By coordinating employee schedules for part-time workers, businesses could give these workers the equivalent of full-time hours, thus attracting workers looking for full-time work.

Develop international work exchange programs—in previous sessions, focus groups have discussed the possibility of developing international work exchange programs specifically for the tourism sector, to attract young workers from other countries. A number of existing worker exchange programs could also be further investigated.

Priorities for Government Action

Address shortcomings in the Temporary Foreign Worker Program—As mentioned earlier, many tourism businesses in Canada have turned to the Temporary Foreign Worker Program to help alleviate worker shortages. Yet nearly everyone who had used the program agreed it was hampered by onerous and lengthy application processes. Additionally, the program is perceived to be tailored for other sectors of the economy and therefore ill-suited for tourism businesses.

Participants suggested that to be more useful for the tourism sector, the program's occupational classifications and contract specifications needed to be more flexible. In fact, participants generally believed that the program should be tailored differently for each industry. If this program were improved, it could vastly increase its potential as a solution to help fill future labour shortages.

Revise Employment Insurance and Canada Pension Plan regulations—In Quebec and Atlantic Canada, employment insurance (EI), Canada Pension Plan (CPP), and Quebec Pension Plan (QPP) programs are viewed as presenting major obstacles for tourism businesses seeking to hire more seasonal and semi-retired workers. Participants cited restrictive clawback rules as a strong disincentive for EI, CPP, and QPP recipients to re-enter the workforce, even as a way to supplement their income. Participants generally believed that if EI, CPP, and QPP restrictions were loosened to allow recipients to increase their weekly hours of work without losing benefits, it could boost the pool of seasonal and part-time workers.

Facilitate the transition of new immigrants into the workforce—Focus group participants pointed to new immigrant communities as an important source of labour force growth for the tourism sector. All levels of government could play a larger role in helping to integrate new immigrants into the tourism workforce. This could include providing industry-specific language training and customer service training, as well as other community resources. At the same time, businesses could be provided with more resources to help them work with new immigrants.

Moreover, participants also cited the need for changes to immigration regulations that would open up international immigration to workers who could help fill tourism occupations projected to see the most acute shortages. These tend to be lower-skilled jobs that do not fit into current immigration profiles.

Provide tax incentives for training—a number of participants suggested tax incentives or grants for training would be very useful for small businesses wanting to offer their workers opportunities to upgrade their skills. Larger companies, such as hotel chains, have resources for training, and some even offer tuition fee supplements for workers enrolled in tourism programs. However, small businesses—which represent the vast majority of tourism businesses in Canada—rarely have the resources for this.

Increase tourism marketing efforts—in some regions of Canada, participants viewed tourism promotion as the single most effective way in which governments could support the tourism sector. Effective marketing of Canada as a world-class tourism destination helps to increase international travel to Canada and to boost Canada’s appeal for international immigration.

Increase awareness of current programs and services—focus group participants continue to ask for more effective communication of existing government programs and services to help tourism businesses hire and retain employees.

Forecast Methodology and Background

Overview

The Conference Board of Canada's modelling of potential labour shortages in Canada's tourism sector is based on three components: a baseline forecast of potential labour demand in Canada's tourism sector; a baseline forecast of the potential supply of labour to the sector; and the market adjustment mechanism—that is, the way in which labour supply and demand interact to reach an equilibrium where there is neither excess supply nor excess demand (i.e., market clearing). This approach was first developed on a national basis and then extended to each of the provinces.

The baseline forecast of potential labour demand in the tourism sector for Canada, the provinces, and sub-provincial regions is an extension of the potential demand for tourism goods and services generated by Canadians and foreigners. By contrast, the baseline forecast for labour supply is a function of Canada's population and the propensity of people to fill jobs in the tourism sector. The following sections outline the detailed methodology used to derive potential labour demand and labour supply, as well as the market adjustment process.

Methodology Used to Forecast Potential Labour Demand in the Tourism Sector

The forecast of potential labour demand in the tourism sector involves forecasting the demand for tourism goods and services and then translating this demand into the requirement for workers or jobs. This process was first completed on a national basis and then repeated on a provincial and metropolitan basis.

Data Sources

Data for tourism sector employment are based on data published in Statistics Canada's Human Resource Module (HRM) of the Tourism Satellite Account. This forecast used the most recent update of the module, released in May 2009, which includes data from 1997 to 2007.

The Human Resource Module includes data on the number of jobs in the tourism sector related to both tourism and non-tourism activity. Since this project involves the entire tourism sector, regardless of whether demand arises from tourism or non-tourism activity, the employment data used is the sum of the tourism and non-tourism employment.

The Human Resource Module publishes detailed employment data according to industry and occupational classifications. The module uses the North American Industry Classification System (NAICS) 1997 to classify industries and National Occupational Classification—Statistics (NOC-S) to classify occupations. On an industry group basis, the module publishes tourism sector employment for transportation, accommodation, food and beverage services, recreation and entertainment, and travel services. In terms of occupations, the module includes a breakdown of 36 occupations. A detailed list of the NAICS and NOC-S codes covered by the Human Resource Module are provided in appendices A and B.

The primary unit of measure for employment in the Human Resource Module is jobs. As a result, jobs are used as the primary unit of analysis for this study. A job is defined as work for the period of one year, regardless of the number of hours. Thus, a job may be work for 10 hours per week or 40 hours per week, as long as it is for the duration of one year. If the work is only for three months of the year, it counts for one-quarter of a job.

The Human Resource Module only publishes data for Canada's tourism sector at the national level. In general, there exists no time series of detailed provincial or sub-provincial employment data by tourism industry and by occupation. Consequently, data for tourism employment by province and sub-provincial region, broken down by industry and occupation, are imputed by applying employment shares from published census data produced by Statistics Canada. To ensure the internal consistency of the data, employment by provinces and sub-provincial regions broken down by industry and occupation was constrained to the national Human Resource Module data.³

Given that the data on a provincial and sub-provincial basis are imputed, they should not be taken as an absolute measure of employment in a particular occupation or industry. However, the data generated by this approach provides a useful starting point to analyze labour shortages by province and sub-provincial region, by industry, and by occupation.

Data for the demand for tourism goods and services are generated using Statistics Canada's National Tourism Indicators. The indicators are published quarterly and cover the full spectrum of tourism industries. They include data on the total supply of tourism goods and services as well as the demand for tourism commodities related to tourism activity. Thus, when the analysis refers to demand stemming from non-tourism activity, it means the difference between the supply of tourism goods and services and the demand for goods and services related to tourism activity. References to constant dollar measures of tourism demand in both the National Tourism Indicators and this study use a 2002 base year.

Since the National Tourism Indicators are also only available for Canada as a whole, proxy data for the demand for tourism goods and services by province and sub-provincial region, on an industry basis, were imputed. The last reference year for which the demand and supply of tourism goods and services are available on a provincial basis is 1998. These data are published in the latest edition of Statistics Canada's Provincial and Territorial Tourism Satellite Accounts for Canada. In an effort to obtain a reasonable starting point for the demand for tourism goods and services by province and industry, The Conference Board of Canada applied the shares from the 1998 Provincial and Territorial Tourism Satellite Accounts to the annual National Tourism Indicators data for 2007. In some cases, these shares needed to be imputed using national or regional shares. Also, because the industries that make up the tourism sector could have shifted in relative importance between 1998 and 2007, the resulting data needed to be constrained to the totals corresponding to the 2007 indicators by industry and province.

³ A slight limitation of this approach is that the Human Resource Module includes tourism sector employment in the territories, while the data from Statistics Canada's Census and Labour Force Surveys do not. As a result, the provincial data generated using this methodology is slightly overstated.

The starting point for determining labour demand in the tourism sector at the sub-provincial level was to initially assume no shortages by setting labour demand equal to labour supply in 2007. The process used to determine 2007 estimates for labour supply at the sub-provincial level is discussed under the data sources heading in the section Methodology Used to Forecast Labour Supply in the Tourism Sector.

However, in the final reporting of labour demand projections at the sub-provincial level, it was necessary to consider the extent of provincial labour shortages that may have existed in 2007 and allocate a reasonable share to each sub-provincial region. The process used to determine reasonable sub-provincial shares of labour shortages is discussed in the section Estimating Past Labour Shortages.

As is the case for the employment data, the proxy data for the demand for tourism goods and services should not be taken as an absolute measure of the demand for tourism goods and services in a particular province, sub-provincial region or industry. However, once again, the data generated by this approach provides a useful starting point for forecasting future growth in the demand for tourism, since it is the growth in demand for tourism goods and services that ultimately determines the labour demand by the tourism sector. In this respect, the fact that the imputed proxy data may not fully reflect the actual industry makeup in 2007 may only be a secondary consideration.

The Conference Board of Canada produces a wide variety of economic forecasts on a national, provincial, metropolitan, and industrial basis that are used as exogenous variables in the model. Historical data for these forecasts are often provided by Statistics Canada; however, the forecasts of those variables are based on models and methodology developed by the Conference Board. All of the long-term macroeconomic drivers are consistent with the Conference Board's long-term economic outlook for Canada in the *Canadian Outlook 2009, Long-Term Economic Forecast*. The economic variables used are largely consistent with the variables that underpin employment forecasts conducted by Human Resources and Skills Development Canada. Unfortunately, the Conference Board does not produce long-term economic projections for metropolitan areas. Longer-term projections for metropolitan areas were inferred from the observed historical relationships of the metropolitan area to that of its resident province as well as the relationships that are projected over the medium forecast horizon, as provided in the medium-term (five-year projections) of the Conference Board's *Metropolitan Outlook 2009*. These results were then applied to estimate the relative long-term growth for the metropolitan areas in 2013 and beyond.

Projections for the Demand of Tourism Goods and Services

To develop detailed projections for the demand of tourism goods and services, the Conference Board used its expertise and experience in the area of tourism monitoring and forecasting. Specifically, we used the results of our existing models as a baseline forecast of potential demand for tourism goods and services.

The baseline forecast of the demand for tourism goods and services is made up of two components: demand stemming from tourism activity (tourism demand) and demand stemming from non-tourism activity (non-tourism demand). For instance, a meal in a Canadian restaurant by a foreign traveller is considered tourism demand, but the same meal in the same restaurant by a local patron is considered non-tourism demand. Both are, however, considered demand for tourism goods and services, and both

are serviced by the tourism sector. For some tourism industries, such as the accommodation industry, demand for goods and services stems almost exclusively from tourism activity. For other industries, such as food and beverage services, a majority of their overall demand is the result of non-tourism activity.

The tourism demand projections are further broken up into domestic tourism demand, demand stemming from the American visitors, and visitor demand from other international markets. Baseline forecasts for these demand streams were taken from the Canadian Tourism Research Institute's Domestic Market Origin Destination Model, U.S. Market Model, and International Markets Model. In turn, real tourism demand by industry, province, and sub-provincial region was created by allocating the relevant shares from Statistics Canada's latest available International Travel Survey, the Travel Survey of Residents of Canada, and the National Tourism Indicators. This process was followed on a national, provincial, and metropolitan basis, although all provincial data were constrained to add up to the Canadian totals.

The tourism demand projections are generated by first estimating the total spending made by tourists on all goods and services in Canada, including non-tourism goods and services, such as retail purchases. Spending on non-tourism goods and services makes up only a small portion of total spending made by tourists, but it is important to include this category when estimating overall tourism demand. Changes in market conditions would likely affect overall spending levels, rather than spending on a specific tourism-related good or service. Therefore, if tourism expenditures on non-tourism goods or services were projected to increase, some of that increase may need to be offset by weaker growth in expenditures on tourism goods and services.

However, the projections for tourism employment only incorporate the projected expenditures for tourism goods and services. Table 24 summarizes the baseline forecast of the demand for tourism goods and services for Canada. Appendix C includes detailed tables on the baseline forecasts for each province and sub-provincial region.

Table 24: Baseline Forecast of the Demand for Tourism Goods and Services in Canada*
(2002 \$ millions)

CANADA	2007	2010	2015	2020	2025
<i>Transportation</i>	62,197	62,645	70,945	78,701	86,870
Air transportation	15,502	15,771	19,318	22,707	26,290
Rail transportation	289	278	319	363	409
Other transportation	46,406	46,596	51,308	55,632	60,171
<i>Accommodation</i>	11,178	10,900	11,921	12,866	13,938
<i>Food and beverage services</i>	45,810	46,840	52,840	58,232	63,747
<i>Recreation and entertainment</i>	19,911	20,197	23,369	26,244	28,906
<i>Travel services</i>	3,031	2,984	3,242	3,417	3,541
<i>Other</i>	3,053	2,953	3,563	3,926	4,106
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	145,181	146,519	165,879	183,387	201,108

*Note: The figures in this table are lower than those cited in Table 1A because they exclude tourism expenditures made on non-tourism good and services such as retail purchases.

Survey of Destination Marketing Organizations

The Conference Board of Canada conducted a separate survey of destination marketing offices (DMOs) across Canada to elicit feedback on its regional tourism demand projections. The respondents were asked to review the Conference Board's preliminary tourism projections to see if they matched the respondents' expectations for spending in their region's tourism sector. The projections included the expected rate of growth or decline in spending between 2008 and 2011, broken down by tourism industries (transportation, accommodation, food and beverage, recreation and entertainment, and travel services). Respondents were also asked the following questions:

QUESTIONNAIRE:

1. To what extent did the global economic recession impact tourism demand in your region in 2009? Did your region experience a decline in demand in 2009 compared with 2008?
2. Does our forecast for tourism demand in 2009 in your region align with your expectations? If you can comment on the figures specifically for spending by tourism industry, and by type of activity (tourism vs. non-tourism), please do.
3. Looking ahead over the next three to five years, does the overall pace of growth projected in our forecast align with your expectations for your region? If you can comment on the figures specifically for spending by tourism industry, please do.
4. Looking ahead over the next three to five years, does the pace of growth in tourism activity vs. the pace of growth in non-tourism activity in your region align with your expectations?

A total of 12 DMOs responded to the survey, out of 41 organizations contacted. The results of the survey were integrated into the Conference Board's final projections for tourism demand at the sub-provincial level.

Productivity Assumptions

Projections of productivity growth play an important role in determining future labour requirements. In general, increases in output by the tourism sector can be achieved in two ways: through increases in the number of people employed, or through increases in the productivity of those already employed. (Productivity is generally defined as output per hours worked.) Conversely, for a given level of output and a given level of productivity, the corresponding demand for labour can be calculated. Thus, by projecting the demand for tourism goods and services and by projecting productivity growth in the tourism sector, The Conference Board of Canada can project the potential demand for labour in the tourism sector.

In general, Canadian employers in all industries will seek to replace labour with capital over the forecast period wherever possible. They will be motivated by rising labour costs and by stiff international competition associated with greater trade openness. Increasing the amount and quality of capital available to each worker will result in an increase in labour productivity. Gains in the quality of labour and innovation also contribute to productivity gains.

Productivity in the broader economy is expected to increase over the forecast period for several reasons. First, the aging of the labour force will result in proportionately more experienced workers. Second, greater trade openness will send more of Canada’s low-skill and labour-intensive jobs to low-wage countries. Third, the surge in university enrolment following the 1990–91 recession signals a trend that will increase the share of highly educated workers in the labour force. In 1990, only one-third of the population had completed some form of post-secondary education; by 2007, this share had increased to 50 per cent. Finally, the capital-to-labour ratio will continue to rise over the forecast period as Canadian companies are forced by a tightening labour market and international competition to invest more in machinery and equipment.

While productivity growth is expected to increase over the forecast period for many industries, gains in productivity for the tourism sector are expected to lag those of other industries. This is due to the fact that the tourism sector is part of the services sector, and industries in the services sector generally find it more difficult to substitute capital for labour than goods-producing industries do. What’s more, historically, the tourism sector has trailed the overall services sector in productivity growth. Given the current structure of the tourism sector—with a significant proportion of low-skilled jobs integral to generating industry output—these trends are expected to continue over the forecast period. (See Table 25.)

Table 25: Productivity Growth Assumptions for Canada’s Tourism Sector

	2007– 2010	2011– 2015	2016– 2020	2021– 2025
<i>Transportation</i>	-0.1%	0.5%	0.9%	0.8%
Air transportation	0.5%	1.9%	1.7%	1.3%
Rail transportation	-1.3%	1.2%	2.1%	2.1%
Other transportation	-0.3%	0.0%	0.5%	0.5%
<i>Accommodation</i>	-1.7%	-0.2%	0.6%	0.6%
<i>Food and beverage services</i>	-0.4%	0.6%	0.6%	0.5%
<i>Recreation and entertainment</i>	0.1%	1.4%	1.5%	1.4%
<i>Travel services</i>	-1.6%	-0.7%	-0.3%	-0.3%
<i>TOTAL TOURISM SECTOR</i>	-0.5%	0.6%	0.8%	0.7%

Productivity estimates through to 2012 for the industries that make up the tourism sector were derived using historical relationships in trend productivity. However, given the significant challenges to the tourism sector since 2001, these estimates were enriched with tourism market intelligence gathered by the Canadian Tourism Research Institute, as well as The Conference Board of Canada’s productivity projections from the Canadian Industrial Outlook Service publications for accommodation, food and beverage services, and air transportation.

Over the long term (from 2013 onward), productivity in the various tourism industries was indexed to Canadian non-government services sector productivity. The rates at which productivity by industry were indexed to non-government services sector productivity were based on historical estimates for each

industry. This was done for two reasons. First, it helps ensure productivity estimates remain consistent with The Conference Board of Canada's long-term productivity assumptions for Canada as a whole. Second, separate industry forecasts of productivity would be misleading in the long run because they would ignore the effects of the interplay of demand and supply across the economy and the resulting pressures on productivity in each industry.

Given these productivity assumptions, potential demand for labour in the tourism sector can be derived by subtracting the growth rate in productivity from the real growth in potential demand for tourism goods and services. This was done for Canada as a whole, as well as for each of the provinces and metropolitan areas; however, the resulting potential demand for labour by province and industry is constrained to the Canadian total. Also, it should be noted that productivity gains by industry were assumed to be the same for all the provinces and metropolitan areas. Granted, over short periods of time, some industries will likely achieve different productivity gains at the provincial or metropolitan level as a result of different demand and supply conditions. However, we expect that the industries in the tourism sector are sufficiently integrated across the country to ensure that trend productivity by industry is similar across provinces and metropolitan areas.

Our methodology used to forecast labour demand in the tourism sector is somewhat different than traditional models of labour demand. Traditionally, forecasts of labour demand try to estimate the additional demand for labour based on the growth of the industry (expansion demand) and then add to this the demand of labour stemming from people retiring (replacement demand). This approach is useful for industries where people tend to have long careers in the same occupation and industry. This approach may not be as suitable for the tourism sector, where many jobs are filled by younger people, are often carried out on a part-time basis, and also often have lower skill requirements. In addition, there is significant mobility into and out of the tourism sector, and there is also significant movement between jobs and occupations within the tourism sector.⁴ Thus, the idea of staying in a job or even an occupation for life may not be applicable for the majority of people working in the tourism sector; hence, the concept of replacement demand due to retirement seems less appropriate for an analysis of labour demand in the tourism sector. Instead, the current methodology looks at the potential demand for goods and services in the tourism sector. Applying productivity to the potential demand for goods and services provides a forecast of the total number of jobs required to fulfill that demand, thereby eliminating the need to forecast expansion demand and replacement demand separately.

Methodology Used to Forecast Labour Supply in the Tourism Sector

The potential supply of labour to the tourism sector is an important determinant of the future performance of the sector overall. After all, if there is not enough labour supply available to fulfill the potential demand for labour, then some of the potential labour demand may go unfilled. Indeed, feedback from focus groups shows that the difficulty of finding workers has already led to reductions in service quality for many tourism businesses and in some cases even to reductions in tourism product offerings.

⁴ Further study is required to determine the extent to which people change jobs and occupations within the tourism sector and the degree of upward mobility in the sector.

Our forecast of the potential labour supply entailed two basic components: a forecast of the Canadian population and labour force, and the likelihood of a particular person working in the tourism sector based on existing demographic data. To arrive at our baseline forecast for labour supply in the tourism sector, we applied the likelihood of a person working in the tourism sector to the available labour force at a given point in time.

Data Sources

Data for the supply of labour are based on data provided by Statistics Canada's Human Resource Module and The Conference Board of Canada's demographic and labour force projections.

In addition to providing employment data by industry and occupation, the Human Resource Module also includes detailed data on age, gender, and immigrant status by occupation and industry. Using this detail, the penetration rate—that is, the percentage of people working in a specific occupation—was calculated by age, gender, and immigrant status.

Since the Human Resource Model only publishes data for Canada as a whole, penetration rates by province and metropolitan area had to be imputed. To do this, we first calculated the Canadian shares of each occupation by age, gender, and immigrant status relative to the total for the industry in which the occupation appears. These relative shares were then applied to the total employment by industry in each province. The resulting employment figures by age, gender, and immigration status at the province level were then constrained to the corresponding national and provincial aggregates to ensure an internally consistent system.

Metropolitan shares of provincial estimates were produced using the results of the 2006 Canadian Census. The relative share of each sub-region was calculated as a proportion of total provincial employment using six broad industry group aggregates (air transport, all other transport, accommodation, food and beverage services, recreation and entertainment, and travel services). These shares were applied to the individual occupations within the industries.

The final step was to produce imputed penetration rates by province and metropolitan area. These were produced by calculating the national estimates of occupations by industry and by age category and multiplying them by the estimated provincial and sub-provincial supply of labour as described above.

The penetration rates by province and metropolitan level, broken down by occupation, age, gender, and immigration status, that were calculated in this way are only an approximation of the demographic profile of each occupation at the provincial or metropolitan level. However, we feel the approximation is reliable enough to provide a reasonable benchmark upon which to forecast for the supply of labour going forward. Because we maintain the same penetration rates throughout the forecast, the driving force behind changes in labour supply are the movements of the underlying population and labour force. In other words, as long as the demographic makeup of each occupation by province and metropolitan level, specifically the true penetration rates, does not differ drastically from those for Canada overall, then this methodology will provide a reasonable forecast.

The Conference Board of Canada uses Statistics Canada's population models to arrive at its long-term forecast of the Canadian population. Details about the outcomes and assumptions regarding those

projections for Canada are outlined below. A summary of assumptions for each province is included in Appendix D.

Canada's Population Is Aging

Increased life expectancy, the size of the baby-boom cohort, and low fertility rates over the last few decades have set the stage for a greying of Canada's population. By 2030, nearly one out of every four Canadians will be 65 years or older, a significant increase from the 12.6 per cent share in 2000.

Fertility rates have been falling over the last few decades as the participation rate of women in the labour force has soared. Going forward, women's participation in the labour force is projected to remain fairly stable and will not influence fertility rates. Thus, the fertility rate was assumed to remain constant over the forecast period, at 1.54 live births per woman of child-bearing age. To maintain population through natural increases, a fertility rate of 2.1 is required to replace the parents and account for infant and child mortality. Clearly, the current fertility rate of 1.54 is insufficient to maintain the population through natural means. However, despite the flat fertility rate, the number of births will continue to rise until 2025 as the members of the echo-boom generation move through their peak child-bearing years and the country sees a steady inflow of young new Canadians.

While fertility rates have fallen, life expectancy has continued to rise. This trend is expected to continue over the next two decades, assuming continued medical advances and economic prosperity. Nevertheless, as the population as a whole gets older, the death rate will increase—from around 7.5 deaths per 1,000 people in 2007 to 8.5 per 1,000 by 2030.

International Immigration to Canada

Canada's low fertility rate will put downward pressure on Canadian population growth going forward. But we assume that a strong and growing level of immigration will shore up overall population growth. Since 1991, immigration has been responsible for more than half of Canada's population growth. This represents a major shift from the pattern of the middle decades of the 20th century, when immigration accounted for just one-fifth of population growth in Canada. At that time, the baby boom was in full swing and fertility rates were high, so the Canadian-born population was rising rapidly on its own. However, over the next two decades, immigration's role in population growth will become much more important, accounting for an ever-increasing share of Canada's population increase. In 2007, immigration accounted for close to an estimated 80 per cent of population growth. By 2030, it will account for over 100 per cent of net population growth.

Canada's immigration policy admits permanent immigrants in three main categories: economic class (mainly skilled workers and business migrants), family class (spouses, partners, and close family members), and refugees. In 2006, these categories represented 55 per cent, 28 per cent, and 13 per cent respectively of the total intake of immigrants. The lack of a fully coordinated system has meant that Canada's immigration policies and practices have evolved gradually since the Second World War. But over the past few decades, two trends stand out. The first is that economic migrants have made up a much more prominent share of total immigration. The second is that the skills bar for newcomers in this category has been raised steadily—moving from a general set of criteria for selection to one that emphasizes advanced skills.

As Canada's immigration policy increasingly favours highly educated immigrants, the profile of the adult immigrant population is changing. Today, many more are skilled workers. Moreover, many immigrants are highly skilled: 24 per cent of immigrants aged 25–64 who arrived in Canada between 1996 and 2000 are highly skilled, compared with only 13 per cent of those who arrived between 1986 and 1990.

With the need for skilled workers to replace retiring boomers, and given the stated aims of policy-makers, the Conference Board anticipates a gradual rise in immigration over the long term. By the end of the current decade, many of the oldest baby boomers will already have retired, while others will be entering their 60s and considering retirement. Although Canada will have to compete with other countries for economic migrants, the pressure on labour markets from the retiring of the boomers is expected to help lift immigration levels higher. Thus, this forecast assumes that immigration will rise slowly—from 255,000 in 2010 to a peak of 353,000 in 2030.

Thanks to strong net immigration, Canadian population will continue to grow over the long term. Between 2007 and 2030, annual compound growth in the population is expected to maintain the average observed during the last 10 years of 1 per cent per year. Canada's population is expected to rise from 34 million in 2010 to 41.4 million by 2030.

The Aging Population Constrains Canada's Labour Force Growth

Higher immigration will not suffice to offset the aging of the population, and the resulting demographic challenges will act as a growing constraint on labour force growth. As the baby boomers slowly transition into retirement over the forecast period, Canada's job market will change decidedly. The median retirement age in Canada was 61.1 in 2006. This year, the oldest boomers turn 63, moving Canada once again into a transitional time. Forty years ago, the boomers began entering the labour force in droves. Now, the largest demographic cohort begins to leave the labour force.

Although the baby boomers are currently in the age range associated with peak labour market participation, the older boomers are already starting to retire. Canada is already beginning to see the start of a boomer-led retirement wave. After 2012, when the first boomers reach age 65, the exodus will begin in earnest. By 2015, the baby-boom cohort will be concentrated in the 50–65 age group; and by 2030, the last of the baby boomers will be preparing to leave the labour force (assuming that the remaining boomers choose to work until the age of 65).

The forecasts of the labour force underlying our potential labour supply forecast are based on the Conference Board's assumptions about labour force participation. Detailed labour force participation rates by age and sex are outlined in Table 26. These were applied to the available source population to arrive at the forecast for the labour force.

Table 26: Canadian Labour Force Participation Rates by Age and Sex
(per cent of source population)

	1980		1990		2000		2010		2020		2030	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
15–19	59	53	60	56	52	52	53	55	55	56	56	56
20–24	87	75	84	77	80	74	80	76	83	79	84	80
25–34	95	63	94	77	92	80	91	82	93	83	93	84
35–44	96	61	94	78	92	80	92	83	93	84	93	85
45–54	92	53	91	68	89	75	90	82	92	84	92	85
55–64	74	33	64	35	61	41	68	56	68	60	68	61
65–69	21	8	17	7	16	7	29	16	28	19	28	19
70+	8	2	7	2	6	2	8	3	7	3	7	3
15+	78	51	76	58	72	59	72	63	70	61	67	59

The slowdown in labour force growth will contribute to increasing pressures in the labour market. In turn, the tightening labour market is expected to produce high real wage growth, which will lead firms to substitute capital for labour wherever feasible. Higher wages will mean that some workers eligible to retire will instead remain in the workforce. Also, labour productivity is expected to increase dramatically as investment in technology continues.

Estimating Past Labour Shortages

Estimating the extent of labour shortages that existed in the tourism sector during 2007 provides a reasonable starting point from which to start the forecast. The difficulty in estimating shortages lies in the fact that we only observe the transactions that take place in the marketplace. The corresponding data show “what happened” rather than “what could have happened.” Therefore, in the data, we can never actually observe a shortage. To derive the actual shortage (or surplus) in the market, we would need to know the entire demand curve and the entire supply curve. Although supply and demand curves may be possible to estimate for an individual occupation, to do so for each occupation within the tourism sector lies well outside the scope of this study. Thus, an alternative approach needed to be developed.

The methodology used to estimate the labour shortage in 2007 was based on the performance of the tourism sector and on recent productivity trends. We started with 2003 as a reference year. In that year, the tourism sector was still feeling the after-effects of the 2001 terrorist attacks. In addition, the sector had to absorb the negative effects of the war in Iraq and SARS. For these reasons, we assumed that during 2003, it was unlikely the tourism sector would be facing a significant labour shortage. In fact, it may be the case that businesses let too many people go, rather than hang on to as many employees as possible in order to have proper staffing levels once tourism demand rebounded again. On balance, this would support our assumption that labour demand and labour supply were in relative alignment in 2003, and that there was no shortage of workers to fill jobs.

From the 2003 starting point, we combined the results of two approaches. Under the first approach, we applied the trend productivity gains by province to see what level of employment would have been

supported by demand in 2007. Under the second approach, we applied the trend productivity by industry to determine the level of employment that would have been supported in 2007. Our final estimate of the labour shortage in 2007 averaged the results from both approaches and then used the input from the focus group to make adjustments by industry and occupation. This process was done to establish the degree to which labour shortages affected the tourism sector at the national and provincial level.

The starting point for determining the extent of provincial labour shortages that were felt at the metropolitan level in 2007 was to first consider the absolute share of provincial labour supply that existed in each of the metropolitan areas. Aside from absolute size of the tourism industry at the metropolitan level, another influence to consider was the relative growth in tourism demand experienced between 2003 and 2007, on an industry basis, between the metropolitan level and that of the province overall. These two considerations—absolute size and relative performance—shaped the eventual allocation process used to apportion provincial labour shortages, on an industry basis, to metropolitan areas.

Forecasting Potential Labour Supply in the Tourism Sector

The most important determinant of the potential labour supply in the tourism sector is the available labour force. While the labour force determines how many people are available for work overall, the number of people available to work in the tourism sector depends on the attractiveness of tourism occupations to labour force participants.

One of the challenges facing the tourism sector is that labour supply is very mobile among different occupations and industries. People can easily move from working in one occupation and industry to another occupation in another industry. Part of the reason for this significant mobility is that many jobs in the tourism sector have relatively low skill requirements. However, another reason is that skills in the tourism sector are highly transferable from one place of work to another. This makes it difficult to define what the typical career path in the tourism sector might look like. In turn, traditional approaches of modelling labour supply by following people's career paths are not necessarily valid for the tourism sector. This problem is magnified by the significant amount of part-time work and the heavy concentration of young people (particularly students) working in the tourism sector.

Our methodology to forecast potential labour supply for the tourism sector incorporates the likelihood that tourism occupations appeal to potential labour force participants and applies this likelihood to the available labour force at different points in the future. To do so, we calculated a penetration rate (the number of people working relative to the labour force) by occupation, age, sex, and immigrant status⁵ for the year 2007. We then maintained these penetration rates throughout the forecast and set the likelihood of working in the tourism sector to equal those rates. This provided us with a baseline forecast of potential labour supply by province and industry.

⁵ To calculate the penetration rate by immigrant status, we calculated a quasi immigrant labour force based on the latest census data and Canadian participation rates. We then forecast this labour force using the same demographic parameters as the overall Canadian population.

Metropolitan forecasts of potential labour supply demand were an extension of the technique above using, instead, metropolitan-specific penetration rates. In this respect, labour supply projections at the metropolitan level account for differential growth projections in labour supply due to differing demographic and immigration profiles of the metropolitan regions as compared with the province overall. The relative differences in demographic growth and immigration growth projections were derived from observed differences between provinces and metropolitan areas from Statistic Canada's 2001 and 2006 censuses.

Our baseline projections assume that the relative attractiveness of occupations in the tourism sector will not change as the forecast progresses. This means that the basic job responsibilities, relative wages compared with other sectors and, if applicable, access to educational or training programs remain constant over the forecast horizon. While this may not necessarily be true, it provides a reasonable starting point given that the tourism sector will have to compete with other sectors of the economy for available workers. The analysis suggests that the attractiveness of tourism occupations is an area where consequential improvements can be made. Meanwhile, the effects of increasing wages are dealt with in the section reconciling demand and supply.

Key Data and Assumption Changes in Updated Analysis

The forecasts presented in this report were generated from a 2010 update on the long-term tourism labour supply and demand model, developed by The Conference Board of Canada. Last year, the Conference Board determined that the potential labour shortage could reach 256,700 jobs by 2025. The 2010 update suggests the potential labour shortage could reach a slightly more modest 218,800 jobs by 2025. There are a few key reasons for the difference in potential long-term labour shortages between the last two studies.

One reason is related to the core data used in the analysis to depict the demographic make-up of the tourism labour force. In last year's analysis, the core data came from Statistics Canada's Human Resource Module of the Tourism Satellite Account from 2006. In this year's update, the core data came from the 2007 edition. Given that many occupations experience high turnover rates, it is not surprising that the demographic profile of particular tourism occupations change from year to year.

The second key reason for the difference in potential long-term labour shortages between the two studies is a change in assumptions about tourism demand projections. The 2010 update was conducted after observing much of the impact of the current global economic crisis. This resulted in more dramatic changes to the economic assumptions incorporated into the analysis. These changes primarily affected the short- and medium-term outlook for tourism demand, as well as the financial ability of tourism businesses to operate, invest, and expand going forward. While the effects of the global economic crisis are most likely to affect the projections for tourism labour demand, they may also affect the projections for tourism labour supply. Although this element has not been addressed directly in the model, the analysis does suggest Canada's tourism sector will likely experience some long-term financial losses because of the recent global economic crisis.

Reconciling Demand and Supply: The Market Adjustment Process Using Wages

The combination of potential demand for labour and potential supply of labour in the tourism sector provides an outline of how employment in the tourism sector may ultimately progress. The gap between the demand for labour and the supply of labour also provides a useful guide when discussing potential labour shortages facing the tourism sector over the next 15 years.

In practice, however, the market will adjust at some point to eliminate the discrepancy between the demand for labour and the supply for labour. To account for this, we first identified industry sectors and occupations where significant discrepancies exist between the projections for potential labour demand and potential labour supply. Then, we specifically modelled the adjustment process that takes place between labour supply and labour demand to eliminate some of those discrepancies. If supply exceeds demand, the adjustment process stimulates demand until the excess supply is eliminated and all the demand is fulfilled. Conversely, if demand exceeds supply, wages and working conditions need to be adjusted to attract more workers. The key to simulating the interaction between labour supply and demand is to account for the reaction and interaction of other influential factors. For instance, factors that could stimulate labour supply include wages, recruitment, education, training, and credential programs. Conversely, factors that could restrict demand could include relative wage growth, rising prices, and declining service quality.

This process refined the potential labour demand and labour supply projections and generated a forecast of what the equilibrium level of employment is expected to be in the tourism sector. Thus, by comparing the results of the forecast for equilibrium employment with the potential labour demand, the lost employment and output associated with the initial labour shortage was assessed.

Methodology of the Market Adjustment Process

The market adjustment process for labour demand and labour supply depends on several key determinants of elasticity. On the supply side, the adjustment process was modelled using only changes in real wages. Granted, other factors such as benefits, time off, and work environment also play a role in practice. However, from both the firm's perspective and the employee's perspective, these can be assigned a monetary value and thus incorporated into a composite wage.

Unfortunately, there exists little literature on the elasticity of supply with respect to wages, particularly on an industry basis or for the occupations in the tourism sector. We therefore proceeded to estimate that elasticity. Using a number of structural equation specifications for the tourism sector as a whole, as well as for the food and beverage services industry and the accommodation industry in particular, we estimated that the elasticity of the labour supply is likely to range between 0.07 (overall sector), 0.10 (accommodation), and 0.12 (food and beverage services). Not surprisingly, the estimated elasticity is fairly low. It would be very difficult for labour supply in the entire sector to increase significantly as a result of changes in wages. Based on the estimated relationships, the elasticity of supply with respect to wages was set to 0.1 for all the industries in the tourism sector.

While raising wages to attract additional workers increases the supply of workers, it also lowers the demand for workers at the same time. This occurs because companies have to pass on at least part of the increase in labour costs to consumers in the form of higher prices. The increase in prices that

companies would have to charge is related to the share of wages and salaries as a share of total operating expenses as well as to total value added. These shares range from 30 per cent in the transportation industry, to 42 per cent in the accommodation industry and in food and beverage services, to 42.5 per cent in the recreation and entertainment industry, to 50 per cent in travel services. These shares are imputed from data published by Statistics Canada's input-output tables and its Financial and Taxation Statistics for Enterprises.

Finally, on the demand side, we used data from the National Tourism Indicators to estimate the elasticity of demand with respect to price for each industry. This gave us an indication of how much demand for tourism goods and services would fall, given an increase in prices. Specifically, we ran structural regressions on domestic demand, based on National Tourism Indicators, to see the effect price has on demand for each industry. The estimated elasticity ranged from a low of 18 per cent for the accommodation industry, to 40 per cent for the transportation industry, to 77 per cent for the recreation and entertainment industry, to 110 per cent for food and beverage services, to 139 per cent in travel services. By combining the elasticity of demand for tourism goods and services with our productivity assumptions, we calculated the reduction in labour demand brought about by the increase in wages.⁶

We used the parameters estimated on an industry basis for Canada and then applied them to each province. We then solved the model for each occupation in each province to arrive at an equilibrium level of employment where there is no excess labour demand and no excess labour supply in each province and industry.⁷ The equilibrium results were then aggregated to their corresponding industries and for Canada as a whole.

Methodology Used to Generate Three Alternative Forecast Scenarios

In this update of the Tourism Labour Supply and Demand study, the Conference Board examined three alternative scenarios that could have a significant effect on the long-term outlook for potential labour shortages in the tourism sector.

The first is the impact of high oil prices on tourism demand, if the price per barrel rises to US\$175 by 2014, which could dampen the future demand for labour in the tourism sector. The second is the impact of increasing the attractiveness of entry-level (or near-entry-level) tourism occupations, which could affect the future supply of labour in the tourism sector. The third, which could also affect the future supply of labour, examines the impact of accelerating the rate at which new immigrants enter the tourism workforce.

⁶ Raising wages would be accompanied by an increase in productivity. However, given that our forecast already includes significant increases in productivity as a result of the labour shortage, we chose not to model the second-round effects of increased wages on productivity.

⁷ Some occupations, such as cooks, appear in more than one industry category. In those cases, we modelled the market adjustment process separately for each industry to maintain each industry's individual cost structures, and to account for the differences in elasticity of supply and demand for each industry.

The Impact of High Oil Prices

The macroeconomic impact of high oil prices on the Canadian and U.S. economies was analyzed by The Conference Board of Canada for Human Resources and Skills Development Canada (HRSDC) in 2009. This study (*The Impact of Rising Oil Prices on the U.S. and Canadian Economies*, February 2009) provides a solid and robust platform upon which to build an analysis of the impact of high oil prices on labour demand in the tourism sector, and the implications for potential labour shortages. While the study contained findings at the national and provincial level, no metropolitan or sub-provincial estimates were provided. As a result, the analysis was limited to a national and provincial perspective.

The report produced for HRSDC did, however, identify the impact of high oil prices on the output of various economic sectors over a 10-year period. Since our labour projections focused on *potential* labour demand, we applied the macroeconomic findings to sector output rather than sector employment. The analysis also considered further labour productivity adjustments brought about by market forces. To be consistent with our base-case labour demand estimates, real output provided a better perspective on potential labour demand without introducing further labour productivity adjustments.

Since the report for HRSDC did not specifically isolate the impact of high oil prices on Canada's tourism sector, we used the findings primarily to capture the degree to which high oil prices would affect non-tourism demand for tourism goods and services. In this sense, the findings from this report were used to identify the non-tourism effects on labour demand in each province for transportation, accommodation, food and beverage services, recreation and entertainment, and travel services. This was done by using the most closely aligned economic sectors presented in the report for HRSDC.

To capture the non-tourism effects on air, rail, and other transportation, we incorporated the effect of high oil prices on output from the transportation and storage sector. To capture the non-tourism effects on accommodation and on food and beverage services, we incorporated the effect of high oil prices on accommodation and food output. For the non-tourism effect on recreation and entertainment, we looked at information, culture, and recreation output. For the non-tourism effect on travel services, we looked at commercial services. Table 27 shows the estimated long-term impact on potential labour demand stemming from non-tourism sources on various tourism industries in each province.

Table 27: Impact of High Oil Prices on Potential Non-Tourism Labour Demand in Canada's Tourism Sector, by Industry

(percentage change in number of jobs needed by 2025; base-case scenario vs. high oil price scenario)

	Transportation	Accommodation	Food and beverage services	Recreation and entertainment	Travel services
<i>Newfoundland and Labrador</i>	-1.6%	-2.2%	-2.2%	0.6%	0.3%
<i>Prince Edward Island</i>	-2.8%	-3.4%	-3.4%	-0.6%	-0.8%
<i>Nova Scotia</i>	-2.0%	-2.6%	-2.6%	-0.4%	-0.3%
<i>New Brunswick</i>	-2.0%	-2.9%	-2.9%	-0.1%	-0.5%
<i>Quebec</i>	-2.5%	-3.5%	-3.5%	-0.6%	-0.8%
<i>Ontario</i>	-2.8%	-3.5%	-3.5%	-0.6%	-0.8%
<i>Manitoba</i>	-1.9%	-2.8%	-2.8%	-0.4%	-0.3%
<i>Saskatchewan</i>	-1.7%	-2.5%	-2.5%	0.2%	0.1%
<i>Alberta</i>	-1.6%	-2.5%	-2.5%	0.5%	0.1%
<i>British Columbia</i>	-2.1%	-2.9%	-2.9%	0.0%	-0.4%
CANADA	-2.3%	-3.1%	-3.1%	-0.3%	-0.6%

To estimate the impact of high oil prices on tourism demand for tourism goods and services, the Conference Board relied primarily on its own expertise and experience in the area of tourism forecasting. Coefficients used in the Conference Board's tourism forecast models were a key source of data used to analyze the potential impact of high oil prices on travel demand generated by domestic and international visitors.

The coefficients depicting the price sensitivity of travel demand came from the Canadian Tourism Research Institute's Domestic Market Origin Destination Model, as well as the U.S. and International Market Models. The analysis differentiated the impact according to the mode of transportation used, i.e., air, rail, and other (mainly automobile). Meanwhile, representative shares of non-transportation travel expenditures were assigned to the three transportation modes using tourism spending profiles provided by Statistics Canada's International Travel Survey and the Travel Survey of Residents of Canada.

While the analysis of the impact of high oil prices on the demand for tourism goods and services was carried out to a provincial level, the analysis only used national coefficients to calculate the price sensitivity of travellers. In addition, the only differences in price sensitivity attributed to U.S. or other international travellers were those associated with the mode of transportation (air, rail, or other) used by those travellers.

This scenario does not assume that travellers would become accustomed to higher travel costs, and therefore less sensitive to price increases. With fixed resources available, businesses and households would likely look for ways to control spending increases as travel costs escalate.

The high oil price scenario presents a price of oil that is more than 50 per cent higher in 2025 than in the base-case scenario. Given that fuel costs represent over 30 per cent of airlines’ operating costs, the higher fuel costs implied by the high oil price scenario would likely lead to significantly higher airfares.

According to Transport Canada’s 2008 Passenger Origin-Destination Model (PODM), the price sensitivity of Canadian air travellers ranges from -0.8 for full-fare economy flights to -1.13 for discount fares. Considering the impact of high oil prices on airfares and the sensitivity of air travellers to fare increases, we estimate the high oil price scenario would lead to a 10 per cent reduction in real domestic spending on air travel by 2025. Likewise, our own estimates of the price sensitivity of those travelling by other modes suggest the high oil price scenario would reduce real domestic spending on other modes of travel by 4 per cent. Meanwhile, our modelling shows that rail travel is much less sensitive to high oil prices, and may in fact pick up some displaced demand from air travel or other modes of travel. For this reason, we do not expect high oil prices would significantly change real domestic spending on rail travel from the base-case scenario. (See Table 28.)

High oil prices would likely have a much greater effect on international travel demand. Although international air travellers tend to be slightly less sensitive to airfare increases (ranging from -0.56 from full-fare overseas travel to -1.05 for transborder travel using discount airfares, according to the PODM), they would be deterred by a stronger Canadian currency in the high oil price scenario. The study conducted for HRSDC suggests high oil prices would increase the value of the Canadian dollar by more than 10 per cent vis-à-vis the U.S. dollar. In this case, the effect of a less favourable exchange rate could outweigh the negative impact of higher transportation costs. While the Canadian dollar may not appreciate quite as much against the currencies of Canada’s major overseas markets, the higher value of the Canadian dollar would increase the cost of travelling to Canada. We estimate the high oil price scenario would reduce international air travel to Canada by 15 per cent by 2025 compared with our base-case scenario.

High oil prices would likely have a softer impact on international visitors travelling by rail (these would be U.S. travellers, primarily), reducing real spending on rail by international travellers by 5 per cent in 2025. In contrast, the impact would be more severe for international visitors travelling by other modes—this segment is mainly composed of U.S. auto travellers who tend to be fairly sensitive to exchange rates. Consequently, high oil prices would reduce both the volume of travel and the direct spending of this travel segment by an estimated 15 per cent in 2025 compared with the base-case scenario.

Table 28: Impact of High Oil Prices on Transportation Spending
(percentage change in transportation spending by 2025; base-case scenario vs. high oil price scenario)

	Air transportation	Rail transportation	Other transportation
<i>Domestic travellers</i>	-10%	0%	-4%
<i>International travellers</i>	-15%	-5%	-15%

By using travel spending profiles that assign relative shares of non-transportation spending to travellers according to travel mode, we were able to estimate the impact of high oil prices on real tourism

spending for accommodation, food and beverage services, recreation and entertainment, and travel services. (See Table 29.)

Table 29: Impact of High Oil Prices on Non-Transportation Spending

(percentage change in transportation spending by 2025; base-case scenario vs. high oil price scenario)

	Accommodation	Food and beverage services	Recreation and entertainment	Travel services
<i>Domestic travellers</i>	-5.7%	-5.1%	-4.8%	-5.0%
<i>International travellers</i>	-12.5%	-12.5%	-12.5%	-10.0%

The tourism and non-tourism spending implications of high oil prices were then run through the framework developed to generate the base-case labour demand projections for tourism occupations. Since no further adjustments were made to the base-case labour productivity estimates as a result of high oil prices, the per cent change in labour demand was equal to the per cent change in real spending.

The Impact of Increasing the Attractiveness of Entry-Level Tourism Occupations

This scenario quantified the labour supply implications of increasing the attractiveness of the sector as a place of employment and as a career choice. Specifically, the scenario investigated the potential impact of increasing the attractiveness of entry-level, or near-entry-level, occupations by 1 per cent per year over 10 years.

Our methodology to forecast the potential labour supply for tourism occupations under the base case considers the historical likelihood that tourism occupations appeal to potential labour force participants and applies this likelihood to the available labour force at different points in the future. To model this scenario, we increased the participation rate (the number of people working relative to the labour force) for entry-level or near-entry-level tourism occupations by 1 per cent per year between 2011 and 2020. For the rest of the forecast period, we kept the participation rate at the same level as 2020.

The occupations that were considered to be entry-level or near-entry-level were those that employed the largest share of workers aged 15–24 years. Data from Statistics Canada’s Human Resource Module of the Tourism Satellite Account for 2007 was used for this assessment. (See Appendix B for a list of occupations that met these criteria.)

Similar to the approach followed in the high oil price scenario, to integrate the results of this scenario we focused on *potential* labour demand or labour supply implications rather than projected market solution results. To be consistent with the high oil price scenario, the analysis was conducted only at the national and provincial level.

The Impact of Accelerating the Integration of New Immigrants into the Tourism Workforce

This scenario quantified the labour supply implications of speeding up the rate by which new immigrants enter the workplace. Specifically, the scenario investigated the potential impact of integrating a much higher percentage of new immigrants into the workplace within the first or second year after they have been granted permanent immigrant status.

Custom tabulations of Statistics Canada’s *Longitudinal Survey of Immigrants to Canada* (2005) report provided data on the length of time it took for recent international immigrants to obtain their first tourism job. It covers the first 215 weeks—slightly over four years—after new Canadians were granted immigrant status.

The data showed that 16.2 per cent of new immigrants had obtained a tourism job at some point during the first 215 weeks after receiving immigrant status. The data was further disaggregated by type of immigrant status, including family applicants, skilled workers (principal applicants), skilled workers (spouses and dependants), “other” economic immigrants, and refugees. (See Table 30.)

Table 30: Custom Data from Statistics Canada’s Longitudinal Survey of Immigrants to Canada (2005)

(cumulative percentage of new immigrants who obtained their first tourism job by each year)

	Family applicants	Skilled workers— principle applicants	Skilled workers— spouses and dependents	Other economic immigrants	Refugees	TOTAL
1 year	9.7%	8.0%	11.7%	7.8%	8.5%	9.5%
2 years	13.1%	9.3%	16.5%	15.0%	14.6%	12.9%
3 years	14.9%	10.2%	18.6%	17.2%	18.0%	14.6%
4 years*	16.9%	11.1%	20.1%	19.5%	21.2%	16.2%

* Note: the study actually covered the first 215 weeks after immigrants received their immigrant status in Canada, or slightly over four years.

Since the data from the longitudinal study does not provide information beyond the first four years after new Canadians were granted immigrant status, our scenario does not assume any increase in the rate of tourism employment beyond four years. This conservative assumption will likely underestimate the potential increase in labour supply if long-term employment rates are boosted as a result of earlier integration into the tourism workforce.

For all immigrant groups, excluding refugees and “other” economic immigrants, we assumed that by 2025, the rate of tourism employment reported by Statistics Canada as occurring by the fourth year could be accelerated so that it is achieved by the end of the first year. For refugees and other economic immigrants, we assumed that by 2025, the fourth-year rate could be achieved by the end of the second year. (See Table 31.)

The reason for treating these two groups separately is the assumption that refugees and “other” economic immigrants are facing specific obstacles that would make it even more difficult for them to achieve their fourth-year rate of integration within their first year. For example, because of their socio-economic circumstances, refugees tend to face language challenges, health issues, and other problems during their early years in Canada that take additional time to resolve.

This scenario also assumes that progress in this approach would be gradual, starting in 2011 and ending in 2025.

Table 31: Accelerated Integration of International Immigrants Into the Tourism Workplace by 2025
(cumulative percentage of new immigrants who would obtain their first tourism job by each year)

	Family applicants	Skilled workers— principle applicants	Skilled workers— spouses and dependents	Other economic immigrants	Refugees
1 year	16.9%	11.1%	20.1%	15.0%	14.6%
2 years	16.9%	11.1%	20.1%	19.5%	21.2%
3 years	16.9%	11.1%	20.1%	19.5%	21.2%
4 years	16.9%	11.1%	20.1%	19.5%	21.2%

Appendices

Appendix A—NAICS Industries Included in the Tourism Sector

1. Transportation

1.1 Air transportation

- 4811 Scheduled air transport
- 4812 Non-scheduled air transport

1.2 All other transportation industries

4821 Rail transportation

Tourism sub-industries

- 482114 Passenger rail transportation

Non-tourism sub-industries

- 482112 Short-haul freight rail transportation
- 482113 Mainline freight rail transportation

4831 Deep sea, coastal, and Great Lakes water transportation

4832 Inland water transportation

4851 Urban transit systems

4852 Interurban and rural bus transportation

4853 Taxi and limousine service

4854 School and employee bus transportation

4855 Charter bus industry

4859 Other transit and ground passenger transportation

4871 Scenic and sightseeing transportation, land

4872 Scenic and sightseeing transportation, water

4879 Scenic and sightseeing transportation, other

5A0510 Automotive equipment rental and leasing

Tourism sub-industries

- 532111 Passenger car rental
- 532120 Truck, utility trailer and RV (recreational vehicle) rental and leasing

Non-tourism sub-industries

- 532112 Passenger car leasing

2. Accommodation

7211 Traveller accommodation

721A RV (recreational vehicle) parks and recreational camps

Tourism sub-industries

- 721211 RV (recreational vehicle) parks and campgrounds
- 721212 Hunting and fishing camps
- 721213 Recreational (except hunting and fishing) and vacation camps

Non-tourism sub-industries

- 721310 Rooming and boarding houses

3. Food and beverage services

7220 Food services and drinking places

Tourism sub-industries

72211 Full-service restaurants

72221 Limited-service eating places

72241 Drinking places (alcoholic beverages)

Non-tourism sub-industries

72231 Food service contractors

72232 Caterers

72233 Mobile food services

4. Recreation and entertainment

51213 Motion picture and video exhibition

7110 Performing arts, spectator sports, and related industries

Tourism sub-industries

7111 Performing arts companies

7112 Spectator sports

7115 Independent artists, writers and performers

Non-tourism sub-industries

7113 Promoters (presenters) of performing arts, sports and similar events

7114 Agents and managers for artists, athletes, entertainers and other public figures

7121 Heritage institutions

713A Amusement and recreation industries

7131 Amusement parks and arcades

7132 Gambling industries

7139 Other amusement and recreation industries

Tourism sub-industries

71391 Golf courses and country clubs

71392 Skiing facilities

71393 Marinas

71395 Bowling centres

71399 All other amusement and recreation industries

Non-tourism sub-industries

71394 Fitness and recreational sports centres

5. Travel services

5615 Travel arrangement and reservation services

Appendix B—NOC-S Classification for Occupations in the Tourism Sector

Accommodation

Accommodation service managers (A222)
Program leaders and instructors in recreation, sport, and fitness (F154)*
Chefs (G411)
Cooks (G412)*
Bartenders (G512)*
Food and beverage servers (G513)*
Hotel front desk clerks (G715)*
Light duty cleaners (G931)
Janitors, caretakers, and building superintendents (G933)
Food counter attendants, kitchen helpers, and related occupations (G961)*
All other occupations in accommodation

Air transportation

Air pilots, flight engineers, and flying instructors (C171)
Pursers and flight attendants (G712)
Airline sales and service agents (G713)
Aircraft mechanics and aircraft inspectors (H415)
Air transport ramp attendants (H737)
All other air transportation occupations

All other transportation

Transportation managers (A373)
Railway and yard locomotive engineers (H721)
Railway conductors and brakemen/women (H722)
Retail salespersons and sales clerks (G211)
Motor vehicle mechanics, technicians, and mechanical repairers (H421)
Bus drivers and subway and other transit operators (H712)
Taxi and limousine drivers and chauffeurs (H713)
All other transportation occupations (excl. air)

Food and beverage services

Restaurant and food service managers (A221)
Food service supervisors (G012)*
Cashiers (G311)*
Chefs (G411)
Cooks (G412)*
Maîtres d'hôtel and hosts/hostesses (G511)*
Bartenders (G512)*
Food and beverage servers (G513)*
Bakers (G942)*
Food counter attendants, kitchen helpers, and related occupations (G961)*
Delivery drivers (H714)*
All other food and beverage occupations*

Recreation and entertainment

Recreation and sport program and service directors (A343)
Technical occupations related to museums and art galleries (F112)*
Program leaders and instructors in recreation and sport (F154)*
Retail salespersons and sales clerks (G211)
Cashiers (G311)*
Security guards and related occupations (G631)*
Casino occupations (G723)
Attendants in amusement, recreation, and sport (G731)*
Janitors, caretakers and building superintendents (G933)
Food counter attendants, kitchen helpers, and related occupations (G961)*
Landscaping and grounds maintenance labourers (I212)*
All other recreation and entertainment occupations

Travel Services

Retail trade managers (A211)
Travel counsellors (G711)
All other travel services occupations

Note: * indicates that the largest share of employment (jobs) within this occupation grouping is found among 15–24 year olds.

Appendix C—Potential Demand for Tourism Goods and Services by Province

Table C1: Baseline Forecast of the Demand for Tourism Goods and Services*

(2002 \$ millions)

CANADA	2007	2010	2015	2020	2025
<i>Transportation</i>	62,197	62,645	70,945	78,701	86,870
Air transportation	15,502	15,771	19,318	22,707	26,290
Rail transportation	289	278	319	363	409
Other transportation	46,406	46,596	51,308	55,632	60,171
<i>Accommodation</i>	11,178	10,900	11,921	12,866	13,938
<i>Food and beverage services</i>	45,810	46,840	52,840	58,232	63,747
<i>Recreation and entertainment</i>	19,911	20,197	23,369	26,244	28,906
<i>Travel services</i>	3,031	2,984	3,242	3,417	3,541
Other	3,053	2,953	3,563	3,926	4,106
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	145,181	146,519	165,879	183,387	201,108

*Note: The figures in this table are lower than those cited in Table 1A because they exclude tourism expenditures made on non-tourism good and services such as retail purchases.

Table C2: Baseline Forecast of the Demand for Tourism Goods and Services

(2002 \$ millions)

NEWFOUNDLAND AND LABRADOR	2007	2010	2015	2020	2025
<i>Transportation</i>	850	853	899	876	854
Air transportation	42	46	53	54	54
Rail transportation	8	8	9	10	10
Other transportation	800	800	837	813	791
<i>Accommodation</i>	110	113	119	114	110
<i>Food and beverage services</i>	433	438	468	469	470
<i>Recreation and entertainment</i>	172	173	190	196	199
<i>Travel services</i>	25	26	27	25	22
Other	22	22	25	24	22
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,612	1,625	1,729	1,704	1,677

Table C3: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

ST. JOHN'S	2007	2010	2015	2020	2025
<i>Transportation</i>	296	309	335	332	324
Air transportation	25	28	32	33	33
Rail transportation	3	3	3	3	3
Other transportation	268	278	300	296	288
<i>Accommodation</i>	35	37	39	38	37
<i>Food and beverage services</i>	197	204	225	230	230
<i>Recreation and entertainment</i>	87	89	101	106	107
<i>Travel services</i>	14	15	16	14	13
Other	9	10	11	11	10
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	638	664	728	731	721

Table C4: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF NEWFOUNDLAND AND LABRADOR	2007	2010	2015	2020	2025
<i>Transportation</i>	555	545	564	544	530
Air transportation	17	18	21	21	21
Rail transportation	6	6	6	6	6
Other transportation	532	521	537	516	503
<i>Accommodation</i>	75	76	80	76	74
<i>Food and beverage services</i>	236	234	243	239	239
<i>Recreation and entertainment</i>	86	84	90	90	92
<i>Travel services</i>	10	11	11	10	9
Other	12	12	14	13	12
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	974	962	1,001	972	956

Table C5: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

PRINCE EDWARD ISLAND	2007	2010	2015	2020	2025
<i>Transportation</i>	163	161	171	182	193
Air transportation	1	1	1	1	1
Rail transportation	1	1	1	2	2
Other transportation	161	159	169	180	191
<i>Accommodation</i>	58	55	59	62	65
<i>Food and beverage services</i>	128	127	139	150	162
<i>Recreation and entertainment</i>	57	57	64	70	76
<i>Travel services</i>	3	3	3	3	3
Other	6	6	7	7	8
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	415	409	442	475	507

Table C6: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

CHARLOTTETOWN	2007	2010	2015	2020	2025
<i>Transportation</i>	79	78	83	89	94
Air transportation	0	0	0	0	1
Rail transportation	-	-	-	-	-
Other transportation	79	78	83	88	93
<i>Accommodation</i>	26	25	26	28	30
<i>Food and beverage services</i>	63	63	68	74	80
<i>Recreation and entertainment</i>	26	26	29	32	35
<i>Travel services</i>	2	1	2	2	2
Other	3	3	3	4	4
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	200	196	212	228	244

Table C7: Baseline Forecast of the Demand for Tourism Goods and Services

(2002 \$ millions)

REST OF PRINCE EDWARD ISLAND	2007	2010	2015	2020	2025
<i>Transportation</i>	83	81	87	92	98
Air transportation	0	0	0	0	0
Rail transportation	-	-	-	-	-
Other transportation	82	81	86	92	97
<i>Accommodation</i>	31	30	32	34	36
<i>Food and beverage services</i>	65	64	70	76	82
<i>Recreation and entertainment</i>	31	31	34	38	41
<i>Travel services</i>	2	1	2	2	2
Other	3	3	4	4	4
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	214	211	228	245	262

Table C8: Baseline Forecast of the Demand for Tourism Goods and Services

(2002 \$ millions)

NOVA SCOTIA	2007	2010	2015	2020	2025
<i>Transportation</i>	1,447	1,436	1,515	1,547	1,573
Air transportation	108	112	132	147	162
Rail transportation	15	14	16	17	19
Other transportation	1,324	1,310	1,367	1,383	1,392
<i>Accommodation</i>	264	261	275	280	287
<i>Food and beverage services</i>	892	900	956	987	1,010
<i>Recreation and entertainment</i>	415	418	457	484	501
<i>Travel services</i>	37	37	39	38	37
Other	74	72	83	85	83
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	3,128	3,124	3,326	3,421	3,490

Table C9: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

HALIFAX	2007	2010	2015	2020	2025
<i>Transportation</i>	826	831	897	928	946
Air transportation	79	84	99	110	121
Rail transportation	8	8	9	10	11
Other transportation	738	739	789	808	813
<i>Accommodation</i>	117	118	126	129	132
<i>Food and beverage services</i>	412	424	467	490	502
<i>Recreation and entertainment</i>	206	211	238	256	265
<i>Travel services</i>	22	22	23	23	22
Other	36	36	42	44	43
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,618	1,641	1,794	1,870	1,910

Table C10: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF NOVA SCOTIA	2007	2010	2015	2020	2025
<i>Transportation</i>	621	605	618	619	627
Air transportation	28	29	33	37	40
Rail transportation	6	6	7	7	8
Other transportation	586	571	578	575	579
<i>Accommodation</i>	147	143	149	151	154
<i>Food and beverage services</i>	480	476	490	497	508
<i>Recreation and entertainment</i>	209	207	219	227	235
<i>Travel services</i>	15	15	15	15	15
Other	38	37	41	41	40
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,511	1,483	1,532	1,551	1,580

Table C11: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

NEW BRUNSWICK	2007	2010	2015	2020	2025
<i>Transportation</i>	1,111	1,107	1,186	1,209	1,229
Air transportation	16	17	19	21	22
Rail transportation	6	6	7	7	7
Other transportation	1,088	1,085	1,161	1,181	1,199
<i>Accommodation</i>	173	171	179	181	184
<i>Food and beverage services</i>	810	828	906	937	963
<i>Recreation and entertainment</i>	298	302	341	361	375
<i>Travel services</i>	13	13	13	13	13
Other	51	49	57	59	58
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	2,456	2,470	2,682	2,760	2,820

Table C12: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

SAINT JOHN	2007	2010	2015	2020	2025
<i>Transportation</i>	190	191	205	210	213
Air transportation	8	8	9	10	10
Rail transportation	1	1	1	1	1
Other transportation	181	182	195	199	202
<i>Accommodation</i>	22	22	23	23	23
<i>Food and beverage services</i>	135	139	152	157	161
<i>Recreation and entertainment</i>	52	53	60	63	65
<i>Travel services</i>	5	5	5	5	5
Other	9	8	10	10	10
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	413	418	454	468	478

Table C13: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF NEW BRUNSWICK	2007	2010	2015	2020	2025
<i>Transportation</i>	921	916	981	999	1,015
Air transportation	9	9	10	11	12
Rail transportation	5	5	5	6	6
Other transportation	907	903	965	983	997
<i>Accommodation</i>	151	149	157	158	161
<i>Food and beverage services</i>	675	689	754	780	801
<i>Recreation and entertainment</i>	246	249	281	298	309
<i>Travel services</i>	8	8	8	8	8
Other	42	41	47	49	48
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	2,043	2,052	2,228	2,292	2,342

Table C14: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

QUEBEC	2007	2010	2015	2020	2025
<i>Transportation</i>	12,906	12,864	14,217	15,288	16,327
Air transportation	3,083	3,148	3,771	4,246	4,699
Rail transportation	56	52	60	67	74
Other transportation	9,768	9,664	10,386	10,975	11,554
<i>Accommodation</i>	1,875	1,803	1,950	2,063	2,189
<i>Food and beverage services</i>	8,510	8,577	9,415	10,068	10,683
<i>Recreation and entertainment</i>	4,551	4,576	5,168	5,648	6,050
<i>Travel services</i>	826	803	855	871	871
Other	620	590	697	741	745
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	29,288	29,213	32,302	34,679	36,864

Table C15: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

QUÉBEC CITY	2007	2010	2015	2020	2025
<i>Transportation</i>	1,001	1,007	1,087	1,153	1,223
Air transportation	108	114	137	154	171
Rail transportation	5	5	6	6	7
Other transportation	888	888	945	993	1,045
<i>Accommodation</i>	251	241	262	277	293
<i>Food and beverage services</i>	905	917	1,000	1,065	1,129
<i>Recreation and entertainment</i>	408	415	465	506	542
<i>Travel services</i>	77	75	80	82	82
Other	64	61	72	76	77
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	2,706	2,716	2,966	3,160	3,346

Table C16: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

MONTREAL	2007	2010	2015	2020	2025
<i>Transportation</i>	8,150	8,172	9,242	10,057	10,779
Air transportation	2,522	2,582	3,105	3,502	3,876
Rail transportation	32	30	35	39	43
Other transportation	5,596	5,560	6,102	6,516	6,860
<i>Accommodation</i>	612	603	669	719	769
<i>Food and beverage services</i>	4,187	4,245	4,779	5,177	5,499
<i>Recreation and entertainment</i>	2,492	2,489	2,876	3,178	3,404
<i>Travel services</i>	575	561	599	612	611
Other	311	297	359	387	389
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	16,327	16,367	18,524	20,130	21,451

Table C17: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF QUEBEC	2007	2010	2015	2020	2025
<i>Transportation</i>	3,755	3,685	3,888	4,078	4,325
Air transportation	453	451	529	590	652
Rail transportation	19	18	20	22	24
Other transportation	3,284	3,216	3,339	3,466	3,648
<i>Accommodation</i>	1,013	959	1,019	1,066	1,127
<i>Food and beverage services</i>	3,417	3,414	3,636	3,826	4,055
<i>Recreation and entertainment</i>	1,652	1,672	1,827	1,964	2,104
<i>Travel services</i>	174	168	176	178	178
Other	244	231	265	278	279
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	10,255	10,129	10,812	11,389	12,068

Table C18: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

ONTARIO	2007	2010	2015	2020	2025
<i>Transportation</i>	25,285	25,456	29,585	33,790	38,188
Air transportation	7,898	7,988	9,925	11,833	13,848
Rail transportation	69	66	77	89	102
Other transportation	17,318	17,402	19,582	21,868	24,238
<i>Accommodation</i>	4,161	4,018	4,455	4,858	5,286
<i>Food and beverage services</i>	18,556	18,902	21,719	24,500	27,312
<i>Recreation and entertainment</i>	8,552	8,628	10,157	11,649	13,047
<i>Travel services</i>	1,176	1,153	1,279	1,377	1,451
Other	1,044	1,005	1,239	1,396	1,482
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	58,774	59,161	68,433	77,571	86,767

Table C19: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

TORONTO	2007	2010	2015	2020	2025
<i>Transportation</i>	14,176	14,225	17,236	20,196	22,984
Air transportation	6,322	6,373	8,035	9,697	11,347
Rail transportation	31	29	36	43	49
Other transportation	7,823	7,822	9,165	10,455	11,588
<i>Accommodation</i>	1,345	1,320	1,557	1,783	1,955
<i>Food and beverage services</i>	7,126	7,320	8,824	10,229	11,422
<i>Recreation and entertainment</i>	3,262	3,277	4,050	4,780	5,355
<i>Travel services</i>	704	688	786	867	913
Other	418	404	523	606	645
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	27,032	27,234	32,974	38,460	43,275

Table C20: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

OTTAWA	2007	2010	2015	2020	2025
<i>Transportation</i>	2,176	2,232	2,544	2,848	3,224
Air transportation	716	745	886	1,010	1,186
Rail transportation	6	6	7	7	8
Other transportation	1,454	1,482	1,651	1,830	2,029
<i>Accommodation</i>	360	351	387	416	453
<i>Food and beverage services</i>	1,725	1,764	2,012	2,253	2,510
<i>Recreation and entertainment</i>	799	816	954	1,087	1,217
<i>Travel services</i>	106	104	112	118	124
Other	95	92	113	126	134
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	5,261	5,360	6,123	6,848	7,662

Table C21: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

ST.CATHERINES-NIAGARA	2007	2010	2015	2020	2025
<i>Transportation</i>	668	688	741	809	906
Air transportation	120	128	146	163	190
Rail transportation	2	2	2	3	3
Other transportation	546	558	593	643	713
<i>Accommodation</i>	478	452	475	499	538
<i>Food and beverage services</i>	845	859	937	1,028	1,145
<i>Recreation and entertainment</i>	629	635	711	792	888
<i>Travel services</i>	39	38	40	41	43
Other	59	56	66	71	75
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	2,718	2,729	2,970	3,240	3,594

Table C22: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF ONTARIO	2007	2010	2015	2020	2025
<i>Transportation</i>	8,265	8,311	9,064	9,938	11,073
Air transportation	740	743	859	963	1,124
Rail transportation	30	29	32	36	41
Other transportation	7,495	7,539	8,173	8,939	9,908
<i>Accommodation</i>	1,977	1,894	2,036	2,160	2,340
<i>Food and beverage services</i>	8,859	8,958	9,945	10,990	12,235
<i>Recreation and entertainment</i>	3,862	3,901	4,442	4,990	5,587
<i>Travel services</i>	327	323	341	352	371
Other	471	452	538	593	628
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	23,763	23,838	26,367	29,022	32,235

Table C23: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

MANITOBA	2007	2010	2015	2020	2025
<i>Transportation</i>	2,328	2,385	2,614	2,833	3,057
Air transportation	272	291	352	409	469
Rail transportation	17	17	20	22	25
Other transportation	2,039	2,077	2,243	2,402	2,562
<i>Accommodation</i>	388	396	428	458	494
<i>Food and beverage services</i>	1,503	1,564	1,719	1,870	2,022
<i>Recreation and entertainment</i>	624	646	732	817	894
<i>Travel services</i>	75	76	82	87	91
Other	116	115	138	153	161
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	5,033	5,183	5,712	6,217	6,718

Table C24: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

WINNIPEG	2007	2010	2015	2020	2025
<i>Transportation</i>	1,755	1,806	1,975	2,139	2,308
Air transportation	202	218	263	307	352
Rail transportation	13	13	15	17	19
Other transportation	1,541	1,575	1,697	1,815	1,937
<i>Accommodation</i>	212	219	238	255	276
<i>Food and beverage services</i>	1,050	1,101	1,205	1,309	1,416
<i>Recreation and entertainment</i>	433	450	508	566	619
<i>Travel services</i>	55	57	61	65	68
Other	79	79	94	104	110
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	3,585	3,711	4,081	4,438	4,797

Table C25: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF MANITOBA	2007	2010	2015	2020	2025
<i>Transportation</i>	573	580	639	694	749
Air transportation	70	73	88	103	117
Rail transportation	4	4	5	5	6
Other transportation	498	502	546	586	625
<i>Accommodation</i>	176	177	190	203	217
<i>Food and beverage services</i>	453	464	513	561	606
<i>Recreation and entertainment</i>	191	196	224	251	275
<i>Travel services</i>	19	19	21	22	23
Other	37	36	44	49	51
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,448	1,472	1,631	1,780	1,921

Table C26: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

SASKATCHEWAN	2007	2010	2015	2020	2025
<i>Transportation</i>	1,983	2,051	2,185	2,298	2,409
Air transportation	100	108	129	147	166
Rail transportation	17	17	19	22	24
Other transportation	1,866	1,926	2,036	2,129	2,219
<i>Accommodation</i>	339	356	380	397	420
<i>Food and beverage services</i>	1,457	1,536	1,651	1,749	1,841
<i>Recreation and entertainment</i>	484	510	564	612	650
<i>Travel services</i>	44	46	49	51	52
Other	133	135	159	173	180
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	4,440	4,634	4,989	5,280	5,553

Table C27: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REGINA	2007	2010	2015	2020	2025
<i>Transportation</i>	383	397	437	467	489
Air transportation	12	13	16	18	21
Rail transportation	3	3	4	4	5
Other transportation	368	380	417	445	463
<i>Accommodation</i>	57	61	66	70	74
<i>Food and beverage services</i>	378	398	444	479	504
<i>Recreation and entertainment</i>	141	148	170	188	199
<i>Travel services</i>	12	12	13	14	14
Other	32	32	40	44	46
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,002	1,048	1,170	1,261	1,326

Table C28: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

SASKATOON	2007	2010	2015	2020	2025
<i>Transportation</i>	574	605	663	707	744
Air transportation	47	52	62	71	80
Rail transportation	5	5	6	6	7
Other transportation	522	548	595	630	657
<i>Accommodation</i>	84	89	96	101	107
<i>Food and beverage services</i>	448	480	528	566	595
<i>Recreation and entertainment</i>	121	130	147	161	171
<i>Travel services</i>	13	14	15	15	16
Other	38	39	47	52	54
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,277	1,356	1,496	1,602	1,687

Table C29: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF SASKATCHEWAN	2007	2010	2015	2020	2025
<i>Transportation</i>	1,026	1,050	1,085	1,123	1,177
Air transportation	41	43	51	58	66
Rail transportation	9	9	10	11	12
Other transportation	977	998	1,024	1,054	1,099
<i>Accommodation</i>	198	207	218	226	239
<i>Food and beverage services</i>	631	657	679	705	741
<i>Recreation and entertainment</i>	223	233	248	263	280
<i>Travel services</i>	20	20	21	22	22
Other	63	63	73	78	81
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	2,161	2,230	2,323	2,417	2,540

Table C30: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

ALBERTA	2007	2010	2015	2020	2025
<i>Transportation</i>	7,329	7,366	8,425	9,339	10,384
Air transportation	1,088	1,094	1,361	1,625	1,923
Rail transportation	44	41	49	57	66
Other transportation	6,197	6,230	7,015	7,657	8,395
<i>Accommodation</i>	1,685	1,631	1,815	1,992	2,208
<i>Food and beverage services</i>	6,639	6,836	7,870	8,708	9,642
<i>Recreation and entertainment</i>	2,278	2,336	2,765	3,124	3,489
<i>Travel services</i>	310	298	330	357	382
Other	466	439	539	609	658
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	18,708	18,906	21,744	24,129	26,763

Table C31: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

CALGARY	2007	2010	2015	2020	2025
<i>Transportation</i>	3,328	3,327	3,894	4,382	4,909
Air transportation	782	765	967	1,163	1,376
Rail transportation	18	17	21	24	28
Other transportation	2,528	2,545	2,906	3,195	3,505
<i>Accommodation</i>	407	417	492	559	625
<i>Food and beverage services</i>	2,443	2,554	2,983	3,326	3,686
<i>Recreation and entertainment</i>	878	901	1,080	1,229	1,373
<i>Travel services</i>	118	116	133	146	157
Other	172	164	205	235	254
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	7,347	7,479	8,788	9,878	11,004

Table C32: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

EDMONTON	2007	2010	2015	2020	2025
<i>Transportation</i>	2,171	2,201	2,505	2,760	3,052
Air transportation	173	187	227	268	317
Rail transportation	14	13	15	18	21
Other transportation	1,984	2,002	2,262	2,474	2,714
<i>Accommodation</i>	402	398	447	494	550
<i>Food and beverage services</i>	2,154	2,228	2,578	2,860	3,168
<i>Recreation and entertainment</i>	706	730	868	983	1,098
<i>Travel services</i>	107	103	114	123	132
Other	141	134	165	186	201
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	5,681	5,795	6,677	7,406	8,200

Table C33: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

REST OF ALBERTA	2007	2010	2015	2020	2025
<i>Transportation</i>	1,830	1,837	2,026	2,197	2,423
Air transportation	133	142	167	194	230
Rail transportation	12	11	13	14	17
Other transportation	1,686	1,684	1,846	1,988	2,176
<i>Accommodation</i>	877	816	875	939	1,033
<i>Food and beverage services</i>	2,042	2,053	2,309	2,522	2,789
<i>Recreation and entertainment</i>	693	706	817	912	1,019
<i>Travel services</i>	85	78	83	88	94
Other	153	141	169	187	202
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	5,680	5,632	6,278	6,845	7,559

Table C34: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

BRITISH COLUMBIA	2007	2010	2015	2020	2025
<i>Transportation</i>	8,795	8,965	10,147	11,339	12,656
Air transportation	2,896	2,967	3,574	4,224	4,947
Rail transportation	56	54	62	71	80
Other transportation	5,844	5,944	6,511	7,045	7,629
<i>Accommodation</i>	2,125	2,097	2,261	2,461	2,695
<i>Food and beverage services</i>	6,883	7,132	7,997	8,793	9,643
<i>Recreation and entertainment</i>	2,479	2,551	2,930	3,283	3,625
<i>Travel services</i>	522	529	566	596	619
Other	522	520	618	679	709
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	21,327	21,794	24,519	27,151	29,947

Table C35: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

VANCOUVER	2007	2010	2015	2020	2025
<i>Transportation</i>	5,180	5,281	6,056	6,839	7,675
Air transportation	2,055	2,114	2,556	3,032	3,550
Rail transportation	29	28	33	38	43
Other transportation	3,095	3,139	3,468	3,770	4,082
<i>Accommodation</i>	777	785	865	958	1,056
<i>Food and beverage services</i>	3,740	3,883	4,398	4,864	5,338
<i>Recreation and entertainment</i>	1,284	1,316	1,527	1,721	1,900
<i>Travel services</i>	336	344	369	390	405
Other	272	272	326	361	378
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	11,589	11,880	13,541	15,133	16,750

Table C36: Baseline Forecast of the Demand for Tourism Goods and Services
(2002 \$ millions)

VICTORIA	2007	2010	2015	2020	2025
<i>Transportation</i>	728	730	804	879	969
Air transportation	139	141	162	186	218
Rail transportation	6	5	6	6	7
Other transportation	584	583	636	686	743
<i>Accommodation</i>	210	203	210	223	243
<i>Food and beverage services</i>	558	570	637	699	767
<i>Recreation and entertainment</i>	242	246	281	313	346
<i>Travel services</i>	37	37	38	39	40
Other	45	44	52	56	59
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	1,820	1,829	2,021	2,209	2,423

Table C37: Baseline Forecast of the Demand for Tourism Goods and Services

(2002 \$ millions)

REST OF BRITISH COLUMBIA	2007	2010	2015	2020	2025
<i>Transportation</i>	2,888	2,955	3,287	3,621	4,013
Air transportation	702	712	856	1,006	1,178
Rail transportation	21	20	23	26	30
Other transportation	2,165	2,222	2,408	2,589	2,805
<i>Accommodation</i>	1,138	1,109	1,186	1,280	1,396
<i>Food and beverage services</i>	2,585	2,679	2,961	3,229	3,539
<i>Recreation and entertainment</i>	953	989	1,123	1,249	1,379
<i>Travel services</i>	148	148	159	168	174
Other	205	204	240	261	272
<i>DEMAND FOR TOURISM GOODS AND SERVICES</i>	7,917	8,085	8,957	9,809	10,774

Appendix D—Demographic Assumptions by Province

NEWFOUNDLAND AND LABRADOR

Aging of the Population

- The average age of Newfoundland and Labrador's population will steadily increase.
- Demographic changes are expected to moderate economic growth in Newfoundland and Labrador over the long term more significantly than in Canada as a whole.

Population Growth

- High levels of out-migration and a steady rise in average age will cause Newfoundland and Labrador's population to decrease at an annual compound rate of 0.2 per cent from 2008 to 2030. The total population of the province is expected to fall from 507,800 in 2008 to 479,400 in 2030.
- Negative net interprovincial migration is expected to continue over the forecast period, averaging about -465 annually between 2008 and 2030. That is, more people are expected to leave the province for other parts of Canada, compared with the number that will migrate to Newfoundland and Labrador from other provinces.
- A gradual annual increase in international migration, from 266 people in 2008 to 539 in 2030, will help replenish the declining population.
- The steady net out-migration is especially troubling since it is primarily young, well-educated residents who will leave in search of improved employment opportunities in other provinces. This trend will cause an unfavourable shift in the age distribution of the province's population.
- The 25–34 age group, which made up 12 per cent of the population in 2008, will account for only 10 per cent of the population by 2030. Meanwhile, the proportion of the population aged 65 years and older will increase from 14.3 per cent in 2008 to 29.2 per cent in 2030, pushing it well above the national average of 22 per cent projected for that year.

Labour Force Growth

- The baby boomers will be retiring in force from 2011 to 2015. By the end of the forecast period, nearly all of this cohort will have left the labour force, and Newfoundland's working-age population will be much lower.
- The number of people of working age (15 to 64 years old) represented 70.9 per cent of the population in 2008, but this share will shrink to 59.4 per cent by 2030.
- The provincial participation rate was 59.6 per cent in 2008, and is expected to exceed 60 per cent by 2011, hovering there until 2014. It will then gradually decline over the rest of the forecast period, sinking to 54.1 per cent by 2030.
- The size of the labour force is expected to remain largely unchanged until 2020, when it will begin a rapid descent as demographic changes become more acute. Between 2021 and 2030, the labour force is expected to decrease at an annual compound rate of 1 per cent.

PRINCE EDWARD ISLAND

Aging of the Population

- The average age of Prince Edward Island's population will steadily increase. The proportion of those aged 65 and over is expected to rise from 14.7 per cent in 2008 to 26.1 per cent by 2030.
- Demographic changes are expected to moderate economic growth in Prince Edward Island over the long term.

Population Growth

- The population of Prince Edward Island is projected to rise from an estimated 139,470 in 2008 to 160,977 in 2030—an annual compound growth rate of 0.7 per cent. The province will post modest population gains over the medium term, but will gain momentum over the longer term as baby boomers, especially those in other parts of Atlantic Canada, begin to retire on the Island in droves. Additionally, good employment prospects and quality-of-life considerations should help encourage younger residents to stay in the province.
- Interprovincial migration to the Island is expected to make steady gains, rising from 578 net immigrants in 2008 to 689 in 2030. Over the forecast period, net interprovincial migration will add a total of 12,409 people to the Island's population, an average of 540 people per year. In contrast, all other Atlantic provinces are expected to experience net interprovincial emigration between 2008 and 2030.
- International immigration peaked in 2008, as the province pursued a proactive campaign abroad in a search for skilled workers, resulting in a net increase of 1,174 international immigrants in the province that year. Net international immigration will remain strong over the long term, and is expected to stabilize at an average of 330 people per year by 2030. Overall, net international immigration is expected to boost the population of the Island by 8,802 people over the forecast period.
- The decline in the number of women of child-bearing age and the relatively low fertility rate will make it impossible to sustain the current population through natural increase (births minus deaths) in the long term. The natural rate of growth will plummet from an annual increase of 158 in 2008 to an annual loss of 358 by 2030.

Labour Force Growth

- Since 1999, annual growth in the labour force on the Island has consistently outpaced growth in the province's source population. However, this trend will reverse itself in 2011, because of the rising age of the population and the exodus of baby boomers from the workforce.
- Labour force growth is expected to slow to an annual compound rate of just 0.2 per cent between 2016 and 2030; still, the Island will continue to outpace other Atlantic provinces, which are anticipating labour force declines over the long term.
- The labour force participation rate is expected to fall from 68.8 per cent in 2008 to 61.9 per cent by 2030.

NOVA SCOTIA

Aging of the Population

- The average age of Nova Scotia's population will steadily increase. Those aged 65 years and older will swell from 15.4 per cent of the total population in 2008 to 27.1 per cent in 2030.
- Weak demographic fundamentals are expected to moderate economic growth in Nova Scotia over the long term much more significantly than in Canada as a whole.

Population Growth

- Nova Scotia's population is expected to increase from 938,000 in 2008 to an all-time high of 953,600 by 2022. The population will then start to decrease rapidly, falling to 945,476 by 2030. This represents a compound loss of 0.1 per cent per year between 2022 and 2030.
- Population growth will be strongest between 2008 and 2015, when immigrants from other parts of Canada flock to the province to work on construction megaprojects (the petrochemical and the natural gas field developments).
- International immigration to Nova Scotia will remain strong over the long term, adding a total of 42,000 to the provincial population between 2008 and 2030.
- The natural increase in the population (births minus deaths), which has been in steep decline since 1961, was actually negative for the first time in 2008. This trend will reverse temporarily as a large number of people move to Nova Scotia with their families to work on the various megaprojects. By 2016, the natural increase in the population will once again turn negative, largely because of the province's low fertility rate.

Labour Force Growth

- The Nova Scotia labour force is expected to grow at an average annual rate of 0.4 per cent between 2008 and 2012, fuelled by the influx of interprovincial migrants coming to work on the province's large-scale construction projects.
- Growth in the labour force will begin to decelerate in 2012, and come to a halt in 2015. Between 2015 and 2030, the labour force will shrink at an average annual rate of 0.6 per cent per year.
- The labour force participation rate in Nova Scotia has been falling since hitting its peak of 64.1 per cent in 2004. Projections suggest it will keep shrinking over the long term, falling to 56.5 per cent by 2030.

NEW BRUNSWICK

Aging of the Population

- The average age of New Brunswick's population will steadily increase. The proportion aged 65 and over will swell from 14.7 per cent in 2008 to 28 per cent in 2030.
- The province's weak population forecast has profound implications for New Brunswick's long-term economic outlook.

Population Growth

- Since reaching its peak of 752,420 in 1997, the province's population has been declining, mainly because of the low fertility rate among women in the province and the departure of young people to other parts of Canada. By 2030, the total population is expected to stand at about 742,900.
- This downward trend is, however, expected to reverse temporarily as new construction projects help stem the losses in net interprovincial migration. As a result, the population is expected to grow at an average annual rate of 0.2 per cent between 2008 and 2018.
- But, with no new major projects to retain the workers after the current projects are completed, net population losses from interprovincial migration will likely resume.
- The natural increase in population (births minus deaths) is expected to become negative by 2010, because of a dramatic increase in the average age in New Brunswick. The average age of the province's population is projected to rise from 40 years in 2008 to 46 by 2030.
- The province's aging population will also constrain the number of births over the forecast period. The percentage of women in their child-bearing years (between 15 and 44 years old) is projected to decrease from 39.6 per cent of the province's total female population in 2007 to 31.6 per cent in 2030. Magnifying this problem is a low fertility rate—New Brunswick has one of the lowest in the country.

Labour Force Growth

- The labour force in New Brunswick will expand steadily while the province's major construction projects are under way, growing by an annual average rate of 0.7 per cent between 2008 and 2019. However, once the construction projects are completed, a steady stream of New Brunswickers are expected to leave the province in search of better prospects. Consequently, the labour force is expected to shrink at an average annual rate of 1 per cent between 2019 and 2030.
- Similarly, the province's labour participation rate is expected to stay strong during the construction period, peaking at around 65.8 per cent in 2012. But it is expected to start decreasing by 2017, when the bulk of the construction projects are done, falling to 58.5 per cent by 2030.

QUEBEC

Aging of the Population

- As the average age of Quebecers increases, growth in the province's population is expected to decelerate over the long term.
- The proportion of the population aged 65 and older will expand substantially, from 14.7 per cent in 2008 to 24.3 per cent in 2030. Over that same period, the proportion of those aged 15 to 19 years will drop from 6.4 per cent to 5.1 per cent.

Population Growth

- Quebec's population, estimated at 7,740,550 in 2008, will reach 8,720,730 by 2030, an increase of close to 1 million.
- Quebec's population growth will be fairly steady between 2008 and 2021, rising at an average annual rate of 0.6 per cent. Growth will then decelerate over the following decade, advancing at an annual average rate of 0.5 per cent.
- The province will continue to register a net loss in interprovincial migration over the long term. Between now and 2030, an average of 12,130 people per year are expected to leave Quebec for other provinces.
- With the natural rate of growth (births minus deaths) slipping, international immigration will be one of the main driving forces behind population growth in the province over the next 20 years. Net international migration to Quebec is forecast to rise from an annual average of 39,360 per year in 2008 to 54,825 in 2030.
- In 2007, the province received 19 per cent of all international immigrants that came to Canada. In recent years, the international immigrants that have settled in Quebec have commonly arrived from Algeria, Morocco, France, Colombia, China, Romania, and Lebanon.

Labour Force Growth

- Growth in the province's labour force is expected to decelerate over the long term, increasing at an annual compound rate of 0.5 per cent between 2008 and 2013, then slowing to a meagre 0.1 per cent between 2014 and 2030.
- The workforce participation rate in Quebec is believed to have levelled off at 65.7 per cent in 2008, and is expected to decline over the long term, as baby boomers continue their exodus from the labour force.

ONTARIO

Aging of the Population

- The average age of the population in Ontario will increase dramatically. Those aged 65 years and older, who accounted for an estimated 13.3 per cent of the total population in 2008, are projected to rise to 20.4 per cent by 2030.
- Demographic changes are expected to limit economic growth in Ontario over the long term.

Population Growth

- Ontario's population is expected to grow moderately over the long term, increasing at an annual compound rate of 1.4 per cent between 2008 and 2030. This rate is substantially higher than the 0.9 per cent growth rate projected for Canada overall.
- However, the natural rate of population growth is expected to decline steadily over that period, as the population ages.
- Interprovincial migration patterns will not favour Ontario over the short term, as the economic potential offered by Alberta and other western provinces will draw migrants to that part of the country. In 2012, that trend will change and Ontario will begin to receive a small net annual increase in interprovincial migrants.
- International immigration will drive long-term population growth in Ontario, as the province is expected to receive a steady stream of international migrants over the next 20 years. By 2030, international immigration is projected to account for 78 per cent of the province's annual population growth.
- Net international immigration to Ontario is expected to increase from 96,843 in 2008 to 164,432 in 2030.

Labour Force Growth

- The labour force participation rate is expected to decline sharply over the next 20 years as a significant share of baby boomers move into their retirement years.
- As a result, labour force growth will retreat from an average annual growth rate of 1.3 per cent between 2008 and 2015, to 0.9 per cent between 2016 and 2030.

MANITOBA

Aging of the Population

- The average age of Manitoba's population will steadily increase over the long term. By 2030, those aged 65 and older are expected to represent nearly 20 per cent of the total population.
- Demographic changes will have substantial implications for the provincial economy over the long term.

Population Growth

- The total population of Manitoba is expected to grow at an annual compound rate of 0.9 per cent between 2008 and 2030—the same rate of increase forecast for Canada overall. This will raise the population from 1.2 million in 2008 to 1.48 million by the end of 2030, and maintain Manitoba's status as the country's fifth-largest province.
- The province's natural rate of growth will decrease as the population ages. Manitoba's fertility rate is one of the highest among all provinces, but it is still below the replacement rate of 2.1 needed to maintain population levels. Consequently, growth in the working-age population is expected to remain modest over the long term.
- A continuous outflow to other provinces will hurt Manitoba's population growth over the long term. On average, nearly 1,800 people per year are expected to leave for other provinces between 2008 and 2015. However, growth in the manufacturing and high-tech sectors, together with government measures to attract and retain young people, is expected to generate more employment opportunities, slowing the loss of interprovincial migrants. Between 2016 and 2030, the number of those leaving the province for other parts of Canada is expected to drop to about 1,200 per year.
- Fortunately, international immigration to Manitoba will more than offset the outflow of interprovincial migrants. On average, the province is expected to receive 8,322 international immigrants per year between 2008 and 2015. The pace is expected to pick up over the subsequent 15 years, to 9,178 per year.
- Historically, most new Canadian immigrants have chosen to live in major urban centres, mainly in Ontario, Quebec, Alberta, and British Columbia. However, the same opportunities expected to entice more Manitobans to stay in the province may also help attract a greater number of international immigrants.

Labour Force Growth

- The labour force participation rate is expected to rise to 69.6 per cent by 2011. It will then start to gradually decline, falling to 65.9 by 2030.
- Modest population growth and slipping participation rates will limit the long-term growth of the province's labour force. Projections suggest it will expand at an annual compound rate of 1 per cent from 2008 to 2015, then decelerate to a rate of 0.7 per cent between 2016 and 2030.

SASKATCHEWAN

Aging of the Population

- The average age of Saskatchewan's population will gradually increase over the long term. The 65 years-and-older cohort is projected to expand from 14.8 per cent of the total population in 2008 to 21.5 per cent in 2030.
- Demographic changes are expected to have a major impact on Saskatchewan's economy.

Population Growth

- An estimated 1,020,800 people lived in Saskatchewan in October 2008, according to provincial government statistics, making it the sixth most populous province in Canada. By 2030, the population is expected to increase to 1,107,200. This translates into an annual compound growth rate of 0.5 per cent—a pace that is slower than the 0.9 per cent growth rate projected for Canada overall.
- The province's natural rate of increase is expected to begin falling after 2017, as the population ages. Although Saskatchewan's fertility rate is the highest in the country at 1.87, it remains below the replacement rate of 2.1 needed to sustain current population levels by natural means.
- The boom in the resource sector has helped attract interprovincial migrants to the province in recent years, but this is not expected to last. Starting in 2010, projections suggest Saskatchewan will lose an average of 2,220 people per year to other provinces.
- International immigration will help offset the net loss in interprovincial migration, adding approximately 2,000 people per year to the total population of Saskatchewan over the next two decades. Still, this is a very small proportion of the total number of immigrants entering Canada.

Labour Force Growth

- The aging of the population will severely limit the growth of Saskatchewan's labour force over the long term. The 15–24 age cohort—a primary source of new workers—currently represents 15.3 per cent of the total population in Saskatchewan, but by 2030, it is projected to make up only 13 per cent.
- The province's labour force is expected to grow very slowly over the medium term before coming to a virtual standstill. It is expected to increase at an average annual rate of 0.5 per cent between 2007 and 2015, and then stay flat for the rest of the forecast horizon out to 2030.

ALBERTA

Aging of the Population

- The average age of the population is expected to increase substantially over the next two decades. The share of the population aged 65 and older will rise from 10.5 per cent in 2008 to 18.5 per cent in 2030.
- Demographic changes are expected to weaken long-term economic growth in Alberta.

Population Growth

- Alberta's population, estimated at 3.57 million in 2008, is projected to reach 4.79 million by 2030. The population surged between 2001 and 2010 at an annual compound rate of 2.1 per cent, but as the population ages, growth will slow down to a compound annual rate of 1.3 per cent between 2011 and 2030.
- The fertility rate in Alberta is projected to remain constant at 1.74 over the next 20 years, but this is well below the replacement rate of 2.1 needed to maintain population stability by natural means. Because of the rising age of the population, the natural increase in the population (births minus deaths) is expected to start decreasing in 2014, and keep falling over the long term.
- The ongoing expansion of the energy sector and low income tax rates will continue to draw a steady flow of workers from other provinces. Alberta is expected to attract a net increase of 20,725 interprovincial immigrants per year until 2013. Gains will moderate after that, averaging 9,900 per year between 2013 and 2030.
- International immigration to Alberta is expected to remain strong over the long term. Net gains in international migrants are expected to average 17,434 per year between now and 2013, then accelerate to 20,623 per year between 2014 and 2030.
- Over the last decade, the growth in the working-age population (those over 15 years of age) has generally exceeded that of the total population in Alberta. This pattern is expected to continue, partly because most people immigrating to Alberta are of working age, with the largest share in the 15–29 age cohort. Nonetheless, growth in the working-age population is expected to slow from an annual compound rate of 2.2 per cent between 2001 and 2010, to 1.4 per cent between 2011 and 2030.

Labour Force Growth

- The labour force participation rate averaged a stellar 74.6 per cent in 2008. It is forecast to decrease gradually over the long term, falling to 71.8 per cent by 2030, as female labour force participation reaches a plateau and baby boomers retire.
- Alberta's labour force grew at an annual compound rate of 2.6 per cent between 2001 and 2010. However, weaker population growth and slipping labour force rates will limit workforce growth between 2011 and 2030, keeping it at a rate of 1.2 per cent per year over that period.

BRITISH COLUMBIA

Aging of the Population

- The average age of British Columbia's population will steadily increase. Over the long term, the age distribution of the population will become increasingly skewed toward older age cohorts, with the share of the population aged 65 and over expected to increase from 14 per cent in 2008 to 25 per cent in 2030.
- Dramatic changes in B.C.'s demographic profile will moderate economic growth over the long term.

Population Growth

- British Columbia's population is expected to increase from 4.37 million in 2008 to 5.6 million in 2030—a compound growth rate of 1.2 per cent. This pace of growth is moderately faster than the 0.9 per cent rate of growth projected for Canada overall.
- The natural rate of increase is expected to begin declining in 2026, which is the year when the number of deaths will begin outpacing the number of births. The fertility rate in British Columbia is quite low at 1.41, well below the standard replacement rate of 2.1, and the population of women of child-bearing age is expected to shrink over time.
- Interprovincial migration will help boost population growth over the long term, with net inflows expected to average more than 5,300 people per year between 2008 and 2015. That will rise to nearly 6,300 per year from 2016 to 2030.
- International immigration will be the main driver of population growth in B.C. over the next 20 years. Net annual gains in international migrants are expected to average 41,488 people per year between 2008 and 2015, rising to 48,542 per year between 2016 and 2030.

Labour Force Growth

- The number of net new entrants to the labour force will drop substantially over the long term, reflecting the aging of the baby boomers and the province's low fertility rate.
- The labour force participation rate is on a downward trend that will continue to accelerate as more of the population retires and retirees from other parts of the country move to British Columbia. The participation rate is expected to drop from 66.7 per cent in 2008 to 59 per cent by 2030.
- Weakening population growth and the sliding participation rate are expected to limit growth in the overall labour force to an annual rate of 1.2 per cent from 2008 to 2015. It is expected to slow even further after that, to a rate of 0.5 per cent between 2016 and 2030.

Appendix E—Economic Background for Canada and the Provinces

Table E1: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

NEWFOUNDLAND AND LABRADOR	2005–10	2011–15	2016–20	2021–25	2026–30
Population	-0.3%	0.0%	-0.2%	-0.4%	-0.5%
Average interprovincial migration (000s)	-1.70	-0.12	-0.52	-0.71	-0.71
Labour force	0.3%	0.2%	-0.8%	-1.0%	-1.0%
Participation rate (average)	59.4%	60.2%	58.7%	56.7%	55.0%
Unemployment rate (average)	13.7%	10.5%	9.9%	9.8%	10.0%
Employment	0.9%	0.8%	-0.9%	-0.8%	-1.2%
Real GDP	2.9%	1.5%	0.7%	0.3%	0.3%
Personal disposable income	4.7%	3.5%	2.2%	2.2%	2.0%
Consumer Price Index	2.1%	1.7%	1.6%	1.6%	1.6%

Table E2: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

PRINCE EDWARD ISLAND	2005–10	2011–15	2016–20	2021–25	2026–30
Population	0.6%	0.8%	0.7%	0.7%	0.5%
Average interprovincial migration (000s)	-0.08	0.57	0.58	0.65	0.69
Labour force	0.8%	0.5%	0.2%	0.2%	0.1%
Participation rate (average)	68.5%	67.5%	65.7%	64.2%	62.7%
Unemployment rate (average)	10.9%	10.9%	10.7%	10.7%	10.7%
Employment	0.7%	0.6%	0.2%	0.2%	0.1%
Real GDP	1.9%	1.9%	1.3%	1.2%	1.2%
Personal disposable income	4.1%	3.7%	3.4%	3.4%	3.2%
Consumer Price Index	2.4%	1.7%	1.7%	1.7%	1.8%

Table E3: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

NOVA SCOTIA	2005–10	2011–15	2016–20	2021–25	2026–30
Population	0.1%	0.1%	0.1%	0.0%	-0.2%
Average interprovincial migration (000s)	-1.35	-0.38	-0.63	-0.62	-0.61
Labour force	0.5%	-0.1%	-0.5%	-0.7%	-0.8%
Participation rate (average)	63.6%	63.1%	61.6%	59.7%	57.5%
Unemployment rate (average)	8.0%	7.1%	6.5%	6.6%	6.4%
Employment	0.6%	0.2%	-0.4%	-0.7%	-0.8%
Real GDP	1.5%	1.7%	0.8%	0.5%	0.7%
Personal disposable income	4.1%	3.1%	2.7%	2.6%	2.4%
Consumer Price Index	2.3%	1.8%	1.7%	1.9%	2.0%

Table E4: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

NEW BRUNSWICK	2005–10	2011–15	2016–20	2021–25	2026–30
Population	0.0%	0.3%	0.1%	-0.2%	-0.3%
Average interprovincial migration (000s)	-1.36	1.01	0.36	-1.41	-1.35
Labour force	1.0%	0.3%	-0.6%	-0.7%	-0.9%
Participation rate (average)	64.4%	65.1%	63.8%	61.2%	59.4%
Unemployment rate (average)	8.7%	7.4%	6.6%	6.8%	7.0%
Employment	1.2%	0.7%	-0.7%	-0.7%	-0.9%
Real GDP	2.1%	2.6%	0.8%	0.9%	0.7%
Personal disposable income	4.3%	3.5%	2.6%	2.6%	2.4%
Consumer Price Index	1.9%	1.8%	1.7%	1.8%	1.9%

Table E5: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

QUEBEC	2005–10	2011–15	2016–20	2021–25	2026–30
Population	0.7%	0.6%	0.6%	0.5%	0.4%
Average interprovincial migration (000s)	-11.95	-12.73	-11.97	-11.55	-11.65
Labour force	0.9%	0.3%	0.2%	0.1%	0.0%
Participation rate (average)	65.6%	64.9%	63.8%	62.3%	60.7%
Unemployment rate (average)	7.8%	6.9%	6.1%	6.1%	6.2%
Employment	1.0%	0.6%	0.2%	0.1%	0.0%
Real GDP	1.9%	2.3%	1.7%	1.4%	1.4%
Personal disposable income	4.2%	3.5%	3.3%	3.2%	3.0%
Consumer Price Index	1.9%	2.0%	2.0%	2.0%	2.1%

Table E6: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

ONTARIO	2005–10	2011–15	2016–20	2021–25	2026–30
Population	1.1%	1.4%	1.5%	1.4%	1.3%
Average interprovincial migration (000s)	-12.66	-1.41	0.07	1.65	1.68
Labour force	1.3%	1.4%	1.1%	1.0%	0.8%
Participation rate (average)	67.8%	67.5%	66.7%	65.4%	63.7%
Unemployment rate (average)	6.7%	6.6%	5.8%	5.4%	5.2%
Employment	1.1%	1.6%	1.2%	1.0%	0.8%
Real GDP	1.8%	3.2%	2.5%	2.2%	2.1%
Personal disposable income	4.5%	4.5%	4.1%	4.0%	3.8%
Consumer Price Index	2.0%	2.1%	2.1%	2.2%	2.3%

Table E7: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

MANITOBA	2005–10	2011–15	2016–20	2021–25	2026–30
Population	0.9%	0.9%	1.0%	1.0%	0.9%
Average interprovincial migration (000s)	-3.79	-1.89	-1.50	-1.14	-0.99
Labour force	1.2%	0.8%	0.7%	0.7%	0.6%
Participation rate (average)	69.3%	69.4%	68.8%	67.8%	66.6%
Unemployment rate (average)	4.5%	4.5%	4.5%	4.8%	4.8%
Employment	1.2%	0.9%	0.7%	0.7%	0.6%
Real GDP	3.0%	2.5%	2.0%	1.9%	1.9%
Personal disposable income	5.5%	3.7%	3.6%	3.7%	3.6%
Consumer Price Index	2.3%	1.9%	1.9%	1.8%	2.0%

Table E8: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

SASKATCHEWAN	2005–10	2011–15	2016–20	2021–25	2026–30
Population	0.8%	0.3%	0.4%	0.4%	0.3%
Average interprovincial migration (000s)	-0.05	-2.55	-2.38	-2.05	-1.90
Labour force	1.5%	0.3%	-0.1%	0.0%	0.1%
Participation rate (average)	69.4%	70.1%	69.5%	68.0%	66.7%
Unemployment rate (average)	4.5%	4.4%	4.4%	4.6%	4.7%
Employment	1.6%	0.3%	-0.1%	-0.1%	0.1%
Real GDP	2.7%	2.0%	1.6%	1.5%	1.6%
Personal disposable income	2.6%	1.9%	1.9%	1.8%	2.0%
Consumer Price Index	6.3%	3.2%	3.0%	3.0%	3.0%

Table E9: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

ALBERTA	2005–10	2011–15	2016–20	2021–25	2026–30
Population	2.2%	1.5%	1.4%	1.3%	1.1%
Average interprovincial migration (000s)	24.96	12.54	10.89	9.45	8.93
Labour force	3.1%	1.4%	1.1%	1.1%	1.0%
Participation rate (average)	74.1%	75.0%	74.2%	73.0%	72.2%
Unemployment rate (average)	3.7%	3.3%	3.6%	3.7%	3.7%
Employment	3.1%	1.5%	1.0%	1.1%	1.0%
Real GDP	3.5%	3.3%	2.4%	2.3%	2.2%
Personal disposable income	8.2%	5.0%	4.4%	4.6%	4.3%
Consumer Price Index	3.4%	2.1%	2.0%	2.0%	2.1%

Table E10: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

BRITISH COLUMBIA	2005–10	2011–15	2016–20	2021–25	2026–30
Population	1.3%	1.2%	1.2%	1.1%	1.0%
Average interprovincial migration (000s)	8.68	5.15	5.78	6.42	6.55
Labour force	1.9%	1.0%	0.6%	0.5%	0.4%
Participation rate (average)	66.3%	65.9%	64.2%	62.2%	60.0%
Unemployment rate (average)	5.0%	4.7%	4.4%	4.5%	4.6%
Employment	2.1%	1.1%	0.6%	0.5%	0.3%
Real GDP	6.0%	4.2%	3.9%	3.8%	3.6%
Personal disposable income	2.5%	2.6%	1.7%	1.6%	1.6%
Consumer Price Index	2.0%	1.9%	1.9%	2.0%	2.0%

Table E11: Exogenous Model Variables

(compound annual growth rate unless otherwise noted)

CANADA	2005–10	2011–15	2016–20	2021–25	2026–30
Population	1.1%	1.1%	1.1%	1.0%	0.9%
Labour force	1.4%	1.1%	0.6%	0.6%	0.4%
Participation rate (average)	67.4%	67.4%	66.5%	65.0%	63.4%
Unemployment rate (average)	7.1%	6.9%	5.6%	5.4%	5.3%
Employment	0.9%	1.8%	0.7%	0.6%	0.5%
Real GDP	1.3%	3.4%	2.1%	1.8%	1.7%
Personal disposable income	4.7%	4.5%	3.6%	3.5%	3.4%
Consumer Price Index	1.8%	2.2%	2.1%	2.1%	2.1%