

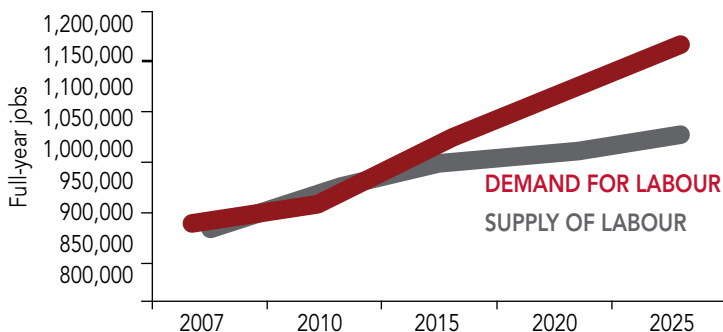


THE FUTURE OF CANADA'S TOURISM SECTOR: ECONOMIC RECESSION ONLY A TEMPORARY REPRIEVE FROM LABOUR SHORTAGES

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

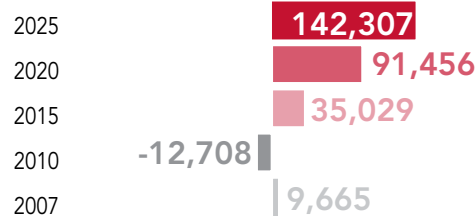
Demand for tourism-related goods and services in the food and beverage industry could grow from nearly \$46 billion in 2007 to \$63.7 billion in 2025, with the strongest growth in demand occurring between 2010 and 2015. The consequences of the predicted labour shortage, such as the inability of tourism sector businesses to meet demand, could cost Canada billions of dollars.

Overall tourism employment is expected to rise from nearly 1.65 million full-year jobs in 2007 to over 1.90 million full-year jobs in 2025. The growth rate is expected to be brisk between 2007 and 2015, when it is expected to slow until 2025. The Food and Beverage Services industry is expected to see the largest increases in potential tourism labour supply over the next 15 years. Employees filled over 881,000 full-year jobs in 2007 and this is predicted to grow to over 1,018,000 jobs in 2025, an increase of more than 137,000. However, demand will greatly outstrip the supply of labour. By 2025, demand for labour could support over 1.16 million jobs in the Food and Beverage industry if there were enough employees available to fill them.



The Canadian tourism sector experienced a tight labour market in the years leading up to the economic recession. The weak economy has provided a temporary reprieve but projections indicate that labour shortages will not only re-emerge, but they will worsen progressively until 2025. Of the five industries within the tourism sector, Food and Beverage Services and Recreation and Entertainment have the greatest potential for labour shortages.

LABOUR SHORTAGE



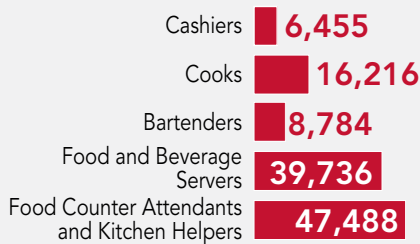
By 2025, more than 142,000 full-year jobs in the industry will have gone unfilled

The deterioration of global economic conditions in 2008 reduced demand for employment in the tourism sector and curbed the growth of tourism revenue. While market conditions are expected to improve in 2010, labour surpluses are forecast to remain for all tourism industry groups. Shortages will return by 2012 for the Food and Beverage Services industry. In that year, the supply of labour will fall short of demand by 5,700 full-year jobs.

The Food and Beverages Services industry is expected to see the most acute labour shortage. By 2025, more than 142,000 full-year jobs in the industry will have gone unfilled, 12.2% short of what demand could potentially support.

Within the Food and Beverage Services industry, the largest labour shortages by far are projected for food-counter attendants and kitchen helpers, as well as food and beverage servers. These occupations could experience shortages equivalent to almost 47,500 and 39,700 full-year jobs respectively. Cooks and bartenders are also projected to fall short of demand and cashiers round out the top five occupations with the largest forecast labour shortages in the industry.

SHORTAGE BY OCCUPATION



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

ALTERNATIVE SCENARIOS THAT COULD AFFECT POTENTIAL LABOUR SHORTAGES

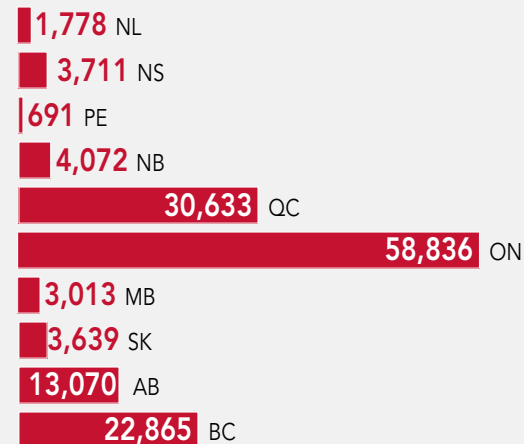
This update of the Tourism Labour Supply and Demand study examined a variety of scenarios, including two that could increase the potential supply of labour in the tourism sector.

Increasing the awareness and attractiveness of the tourism sector workplace, with a particular focus on entry-level tourism occupations was seen to be a viable strategy for increasing the available workforce. The analysis showed that if the tourism sector increased the employment rate of entry-level tourism occupations by 1% per year over 10 years, it could reduce the potential labour shortage in the Food and Beverage Services industry from 142,307 to 55,517 jobs.

Accelerating the rate at which recent immigrants to Canada enter the labour force would also benefit the tourism sector. According to the analysis, accelerating the rate at which new immigrants enter the tourism workforce could increase the supply of labour enough to fill 30,360 full-year jobs by 2025. Of those, 22,181 would be in the Food and Beverage Services industry. Other long-term benefits to this strategy include improved retention and, if other sectors

are less competitive in this area, a larger immigrant labour force available for work in the tourism sector.

SHORTAGE BY PROVINCE



FAST FACTS—Food and Beverage Industry

- Demand for labour in the food and beverage industry could support 1,160,857 full-year jobs by 2025
- It is expected that the supply of labour will fall 12.2% short of labour demand over the next 15 years.
- Increasing the attractiveness of entry-level jobs in the tourism sector by 1% per year over the next ten years would fill and extra 86,790 full-year jobs in food and beverage services.
- Food and Beverage Services is projected to face the largest potential shortage among all tourism industry groups, at 142,000 full-year jobs by 2025. Four of the tourism occupations expected to be hit hardest by labour shortages are in this industry.

FAST FACTS—Canada

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

ABOUT THIS STUDY

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

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



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

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

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

For more information contact: research@cthrc.ca

This is a publication of the Canadian Tourism Human Resource Council



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