

MARCH 2012

# The Future of Canada's Tourism Sector:

## Shortages to Resurface as Labour Markets Tighten

### 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 sub-provincial region.

PREPARED FOR :  
The Canadian Tourism  
Human Resource Council

PREPARED BY:  
The Canadian Tourism  
Research Institute

The Conference Board  
of Canada



CANADIAN TOURISM  
HUMAN RESOURCE  
COUNCIL

CONSEIL CANADIEN DES  
RESSOURCES HUMAINES  
EN TOURISME

The Conference Board of Canada  
Insights You Can Count On



*Copyright © Canadian Tourism Human Resource Council 2012. All rights reserved. All trade marks mentioned herein belong to their respective owners. It is illegal to copy this resource in any form or by any means, electronic or mechanical, including photocopying without the prior written permission of the Canadian Tourism Human Resource Council. By downloading this document you are liable to abide by copyright law.*

Disclaimer: Information has been obtained by the CTHRC from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, CTHRC does not guarantee the accuracy, adequacy or completeness of any of the information. The publisher and contributors shall not be held liable in any degree for any loss or injury by an omission, error, misprint or ambiguity. If you have any questions about the content of this publication, CTHRC staff are available to provide information and assistance.

Tel.: (613) 231-6949

Fax: (613) 231-6853

Website: [www.cthrc.ca](http://www.cthrc.ca)

Email: [research@cthrc.ca](mailto:research@cthrc.ca)

 **Canada**  Funded by the Government of  
Canada's Sector Council Program.

The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

## Executive Summary

Tourism activity makes a significant contribution to the Canadian economy. In 2010, domestic and international tourists spent over \$70 billion on tourism activities. However, it is not only visitors who spend money within the sector; spending by local residents at restaurants and attractions also drives demand for tourism goods and services. In 2010, this combination of spending reached \$188 billion, and is expected to climb to over \$293 billion by 2030.

In 2010, over 1.6 million full-year jobs were required to meet the demand for tourism goods and services. The projections for future spending suggest that, by 2030, demand for labour in the sector will grow to 2.1 million jobs, an increase of 33 per cent.

The future demand for tourism is great enough that there may not be enough workers to fill these jobs. This was the case in 2007 when 23,700 full-year jobs in the sector went unfilled because demand for labour exceeded the available supply of labour. While the effects of the recession of 2008-09 were largely negative, tourism businesses experienced a temporary reprieve from labour shortages. As a result of the recession, there has been a surplus of available labour in recent years.

However, labour demand in the sector is expected to increase at 1.6 per cent per year from 2010 to 2014, while the supply of labour will increase at the more modest pace of 1.2 per cent. As growth in demand outpaces growth in labour supply, the residual surplus will disappear and, in 2013, the sector will return to shortages equivalent to 3,700 full-year jobs.

This labour gap is not spread evenly across the country. In fact, the regions that saw a stronger economic recovery following the recession –Saskatchewan, Manitoba, Newfoundland and Labrador, and Alberta—experienced shortages in 2010 and/or 2011. Focus group discussions with tourism business representatives from across the country suggested tourism revenues were boosted by heightened business travel activity and stronger economic prospects in areas where natural-resource-based activity was expanding quickly. This resulted in a more rapid return to labour shortages in the local area.

Over the long-term, demand for labour in the tourism sector is expected to climb 33 per cent by 2030 and will grow faster than the projected supply of labour. For the moment, this state of affairs is manageable as there is a surplus of available labour, nationally. However, low fertility rates, longer life spans and the aging of the baby-boom generation will limit labour force growth. Moreover, declining birth rates will curb growth in the number of young people entering the labour force; a critical source of labour for the tourism sector. Although higher immigration will offset these trends to a degree, it will not be enough to prevent future labour demand and supply imbalances.

The growing gap between labour demand and the number of available workers will cause a significant number of jobs to go unfilled over the next 20 years. By 2030, shortages in the tourism sector could grow to 228,000 jobs, leaving 10.7 per cent of potential labour demand unfilled. The greatest shortages are expected to materialize in the food and beverage services and recreation and entertainment industry groups.

Elsewhere, weak labour supply growth will cause labour shortages to re-emerge despite increased economic uncertainty over the medium term. Not surprisingly, the largest shortages will occur in the provinces with the largest populations. By 2030, Ontario could see over 88,000 tourism jobs unfilled and sizeable shortages are also expected for Quebec, British Columbia, and Alberta. By contrast, Atlantic

Canada is expected to endure the most acute shortages. Although not as large in absolute numbers, as a percentage of labour demand, the shortages will be significant, ranging from 12.1 per cent in Prince Edward Island to 17 per cent in Newfoundland and Labrador.

Under these conditions, Canada's tourism sector will be unable to reach its full economic potential. If there is not enough labour available to meet the potential demand, some of that demand will go unfilled. If the expected shortages are not mitigated, the sector could forgo \$31.4 billion in potential revenues by 2030.

Unless industry stakeholders work together to make collective changes that address labour shortages, it is likely that tourism operators will need to compete aggressively by increasing wages to attract workers. However, as a sole means of dealing with the labour gap, this is an ineffective strategy. While higher wages would result in boosting the available supply of workers, the higher wages would also trigger price increases that would reduce both the demand for tourism goods and services and the corresponding demand for workers. All told, under these circumstances, Canada's tourism sector would still fall short of its economic potential.

The outlook may seem bleak, but these shortages are not inevitable. The projections assume that the attractiveness of tourism occupations, job responsibilities, wages and access to training and education programs will remain constant out to 2030. This will not necessarily be the case. Action on the part of governments, the industry as a whole, and individual businesses can significantly reduce potential shortages.

Businesses can improve their labour supply by identifying underutilized labour pools such as mature workers, persons with disabilities and new immigrants and implement policies to attract these potential employees. The industry can also attract employees by improving the image of tourism jobs by showcasing the benefits of working in the sector and by identifying and adjusting to the needs of workers from different demographic segments. For example, tourism sector jobs could be made substantially more attractive if more employers offered training, the opportunity for advancement and more than two weeks vacation. In fact, a 20 per cent increase in the number of 15-24 year olds who are offered these non-wage benefits by tourism employers could reduce the shortage by over 32,000 jobs. Furthermore, a non-wage benefit survey conducted for this report shows that the single most important factor in attracting and retaining young employees is providing them with the opportunity for advancement. When given this opportunity, young workers were 230% more likely to remain with their current employer. Feedback from tourism businesses also suggests that changes to the temporary foreign worker and provincial nominee programs, and employment insurance reform could also improve the sector's labour situation.

These are just some of the potential solutions that are available. The effect of shortages can be diminished through policy changes and the individual actions taken by businesses to attract and retain employees. It is within the power of government, industry associations and tourism businesses to significantly reduce these shortfalls. Doing so will allow the Canadian tourism sector to meet its full economic potential.

## Table of Contents

Introduction .....	1
Project Overview.....	2
Demand and Supply Forecasts.....	4
Demand for Tourism-Related Goods and Services.....	4
Labour Demand in the Tourism Sector.....	5
Labour Supply in the Tourism Sector .....	8
Potential Gap (Shortage or Surplus) of Labour in the Tourism Sector .....	11
Labour Shortages by Occupation .....	15
Labour Shortages in the Tourism Sector—Measured in Hours.....	16
Job Openings Due to Turnover, Expansion, and Attrition .....	19
Labour Shortages Due to Turnover, Expansion, and Attrition .....	21
Reacting to the Labour Gap—The Impact of Raising Wages .....	21
Alternative Scenarios That Could Affect Potential Labour Shortages .....	22
The Impact of Meeting the Federal Tourism Strategy Revenue Target (Upside Scenario) .....	23
The Impact of an Escalation to the European Debt Crisis (Downside Scenario) .....	24
Summary of Projections and Modelling.....	25
Tourism Industry Consultations.....	26
Tourism Outlook Survey .....	26
Regional Focus Groups – Summary of Key Findings.....	32
Focus Group Content Analysis.....	40
Priorities for Addressing the Looming Labour Shortage.....	42
Survey of Non-Wage Determinants for Employee Retention and Recruitment .....	47
The Effectiveness of Non-Wage Determinants to Increase Tourism Labour Supply.....	53
Methodology and Background.....	58
Forecasting Potential Labour Demand in the Tourism Sector.....	58
Forecasting Potential Labour Supply in the Tourism Sector .....	64
Key Data and Assumption Changes in Updated Analysis .....	70
Reconciling Demand and Supply: The Market Adjustment Process Using Wages .....	71
Determining Turnover and Attrition Rates.....	72
Methodology Used to Generate Alternative Forecast Scenarios.....	74
Appendix A—NAICS Industries Included in the Tourism Sector .....	78
Appendix B—NOC-S Classification for Occupations in the Tourism Sector .....	80
Appendix C—Potential Demand for Tourism Goods and Services by Province.....	82
Appendix D—Demographic Assumptions by Province .....	95
Appendix E—Economic Background for Canada and the Provinces .....	105
List of Tables and Charts.....	109

## Introduction

This report presents the 2012 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 city. This update expands on the effects of the economic recession, the subsequent recovery, and ongoing economic malaise in certain parts of the globe to further assess the long-term outlook for labour supply and demand in the tourism sector.

Many sectors of the Canadian economy, including tourism, continue to face labour market conditions 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 global economic recession hurt the tourism sector but did provide a temporary reprieve from the tight labour markets seen in the years leading up to the downturn. However, as the growth in demand for tourism goods and services continues to recover, the gap between the available supply of labour and the demand for labour will increase. 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.

As the baby boomers—those born between 1947 and 1966—reach retirement age, the Canadian workforce will be hit with a dramatic impact on labour supply. Although rising immigration and a growing level of workforce participation by women will partially offset the departure of the baby boomers, 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 assesses 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 to 20 years.

In addition to a base-case scenario, this report also presents the findings of two scenarios that could potentially affect the demand and supply of labour in the tourism sector over the long term. The first scenario presents the consequence of meeting the \$100-billion revenue target for 2015 established under the Federal Tourism Strategy. The second highlights the impacts of weaker economic growth over the short term resulting from a more disruptive resolution to the European debt crisis.

The results of the forecasts provide employers, educators, and other stakeholders with the most current information about the potential extent of future labour shortages in the tourism sector. 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 study update was conducted in five stages:

### **Preliminary Labour Supply and Demand Model Projections**

The Conference Board updated its macroeconomic forecasting model to revise its labour supply and demand projections for the tourism sector using the latest (2010) information from Statistics Canada's Human Resource Module of the Tourism Satellite Account. This data was available at a detailed level nationally, and preliminary provincial tables provided some aggregate benchmarks at the provincial level.

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 creates a forecast of the total number of jobs required to fulfill that demand.
- A baseline forecast of the potential supply of labour to the sector: Potential supply is 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: This component of the modelling accounts for the way in which the marketplace is expected to cope with potential supply and demand imbalances.

### **Tourism Outlook Survey**

Between October and December 2011, an online survey was conducted among tourism businesses across Canada to obtain industry feedback on the current and expected performance of the tourism sector across Canada. The results were benchmarked against previous surveys conducted in 2008 and 2009. The survey also compared how respondents viewed current and future labour issues relative to other challenges.

### **Regional Focus Groups**

Focus group consultations were held in 12 cities across the country in November 2011 to gather feedback from industry stakeholders about the performance of the tourism sector, specifically the degree to which labour demand and labour supply appear to be in balance or imbalance, from their perspective. Participants were presented with preliminary results from the Conference Board's update of its labour supply and demand projections for the tourism sector. Topics discussed during the focus groups included projections for revenues, labour demand and labour supply. The discussion also included the identification of policies industry and/or government should implement to help the sector meet the demand for labour most effectively.

### **Survey and Modelling of Non-Wage Determinants**

To examine the non-wage benefits that employed and unemployed Canadians most value, a survey of 1,000 Canadians was conducted between December 2011 and January 2012. For employed Canadians, the survey focused on the non-wage benefits that were most important in staying with

their current employer. Respondents that were not employed were asked to rank the importance of a competitive wage or salary along with non-wage benefits when seeking employment or when considering an offer of employment.

The modelling exercise then quantified the extent to which non-wage benefits could boost the labour supply for entry-level tourism occupations by increasing the attractiveness of these positions, reducing the turnover in them.

#### **Labour Supply and Demand Model Final Projections**

The Conference Board finalized its labour supply and demand forecast in January 2012 by incorporating the input obtained from tourism sector stakeholders via the tourism outlook survey and the regional focus group consultations.

## Potential Demand for Tourism-Related Goods and Services

Tourism demand is the spending by Canadian and non-resident visitors 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. Associated non-tourism demand includes spending by local residents within the tourism sector (e.g., local residents visiting a nearby museum or attraction). Tables 1A and 1B present the expected growth of tourism demand and associated non-tourism demand out to 2030.

The updated forecast of the potential demand for tourism-related goods and services in Canada—by both tourists and local residents—suggests that spending could rise from nearly \$189 billion in 2010 to nearly \$294 billion in 2030 (at inflation-adjusted 2010 dollars). Overall, real spending on tourism-related goods and services is expected to grow at a compound annual rate of 2.2 per cent between 2011 and 2015. Over this period, non-tourism demand in particular will be constrained by subdued economic prospects and more modest consumer confidence. Growth is expected to be strongest between 2016 and 2020, when demand is forecast to increase at an average annual rate of 2.3 per cent per year.

Over the longer term, although potential demand for tourism-related goods and services will keep expanding at a healthy pace, growth will ease slightly as spending on tourism goods and services by both tourists and local residents moderates with slower population growth. Real spending by domestic and foreign visitors on tourism activities in Canada could rise from \$73.4 billion in 2010 to \$130 billion in 2030, a potential increase of 77 per cent. Meanwhile, spending on tourism goods and services generated by non-tourism activities could grow from \$115.5 billion in 2010 to \$163.8 billion in 2030, a potential increase of 42 per cent.

**Table 1A: Potential Tourism and Associated Non-Tourism Demand in Canada**

(2010 \$ millions)

	2010	2015	2020	2025	2030
Tourism demand	73,370	85,089	98,042	112,774	130,010
Domestic	58,508	68,898	80,532	93,894	109,762
Foreign	14,862	16,191	17,510	18,880	20,248
Non-tourism demand	115,465	125,778	138,429	150,712	163,838
<b>TOTAL DEMAND</b>	<b>188,835</b>	<b>210,867</b>	<b>236,471</b>	<b>263,486</b>	<b>293,848</b>

Note: The total demand figures reported in this table exceed those in Appendix C because the tourism demand figures in Table 1A include spending by tourists on non-tourism goods and services, such as retail purchases. Non-tourism goods and services are excluded from the data shown in Appendix C.

**Table 1B: Growth in Potential Tourism and Non-Tourism Demand in Canada**

(compound annual growth rate)

	2011–2015	2016–2020	2021–2025	2026–2030
Tourism demand	3.0%	2.9%	2.8%	2.9%
Domestic	3.3%	3.2%	3.1%	3.2%
Foreign	1.7%	1.6%	1.5%	1.4%
Non-tourism demand	1.7%	1.9%	1.7%	1.7%
<b>TOTAL DEMAND</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.2%</b>

## Potential Labour Demand in the Tourism Sector

The continued growth of tourism-related spending over the next 20 years will bolster the demand for labour in the tourism sector. As depicted in Table 2A, projections for Canada's tourism sector indicate labour demand could grow from just under 1.61 million jobs in 2010 to 2.14 million jobs in 2030, a potential increase of over 33 per cent.

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 exists for only a fraction of a year, then it only counts as the corresponding fraction of a job.

Despite lingering economic concerns, in large part related to the European debt crisis, the potential demand for labour in the tourism sector is expected to grow at a compound annual rate of 1.9 per cent from 2011 to 2015. It is then expected to slow to a compound annual growth rate of 1.5 per cent between 2016 and 2020, largely because of an increase in productivity growth. Over the longer term, growth is expected to continue to ease, slowing to a compound annual growth rate of 1.3 per cent between 2021 and 2025 and 1.2 per cent between 2026 and 2030. (See table 2B).

The largest increase in potential labour demand will occur in the food and beverage services industry. This industry group could support over 1.16 million full-year jobs by 2030, up from 852,000 full-year jobs in 2010. Growth in the demand for labour in this industry is expected to remain fairly solid up to 2020, and then ease slightly between 2020 and 2030.

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

(full-year jobs)

	2010	2015	2020	2025	2030
Transportation	211,297	230,572	245,231	260,783	276,036
Air transportation	49,717	54,903	59,705	65,888	70,808
Rail transportation	4,419	4,833	4,872	4,872	4,864
Other transportation	157,161	170,837	180,654	190,024	200,364
Accommodation	233,802	256,648	272,699	290,476	308,147
Food and beverage services	851,924	944,741	1,025,627	1,096,541	1,162,263
Recreation and entertainment	267,414	283,640	304,005	324,069	345,025
Travel services	43,106	46,617	47,863	48,698	49,224
<b>TOTAL LABOUR DEMAND</b>	<b>1,607,544</b>	<b>1,762,219</b>	<b>1,895,425</b>	<b>2,020,567</b>	<b>2,140,696</b>

**Table 2B: Growth in Potential Tourism Labour Demand in Canada’s Tourism Sector**  
(compound annual growth rate)

	2011–2015	2016–2020	2021–2025	2026–2030
Transportation	1.8%	1.2%	1.2%	1.1%
Air transportation	2.0%	1.7%	2.0%	1.5%
Rail transportation	1.8%	1.8%	1.5%	0.1%
Other transportation	1.7%	1.1%	1.0%	1.1%
Accommodation	1.9%	1.2%	1.3%	1.2%
Food and beverage services	2.1%	1.7%	1.3%	1.2%
Recreation and entertainment	1.2%	1.4%	1.3%	1.3%
Travel services	1.6%	0.5%	0.3%	0.2%
<b>TOTAL LABOUR DEMAND</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.3%</b>	<b>1.2%</b>

Among the provinces, Alberta is expected to generate the highest potential rate of growth in labour demand, followed by Ontario, Manitoba, and Saskatchewan. Between 2010 and 2030, the demand for tourism workers in Alberta could rise from nearly 164,000 full-year jobs to 239,000 full-year jobs, a potential increase of 46 per cent. During the same period, potential labour demand is forecast to rise 37 per cent in Ontario, 36 per cent in Manitoba, and 34 per cent in Saskatchewan. (See table 3A).

Conversely, growth in potential labour demand is lowest in the Atlantic Provinces. In fact, potential labour demand is expected to remain fairly flat both in Newfoundland and Labrador and in Nova Scotia after 2020, mainly because of 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. Meanwhile, Prince Edward Island, a retirement destination for Atlantic Canadians, is expected to continue to experience steady increases in potential labour demand out to 2030. New Brunswick is also expected to continue to experience steady increases in potential labour demand, but will see reductions after 2025. (See tables 3A and 3B)

Among the metropolitan areas, Calgary is expected to generate the highest potential rate of growth in tourism labour demand, followed by Toronto, Edmonton, and Saskatoon. Between 2010 and 2030, demand for tourism workers in Calgary could rise from just over 61,000 to nearly 92,000 full-year jobs, a potential increase of 50 per cent. During that same period, potential labour demand is forecast to rise 47 per cent in both Toronto and Edmonton and 41 per cent in Saskatoon. (See table 3A).

**Table 3A: Potential Tourism Labour Demand by Province and City**  
(full-year jobs)

	2010	2015	2020	2025	2030	% change 2010 vs. 2030
<b>Newfoundland / Labrador</b>	<b>18,939</b>	<b>19,698</b>	<b>20,425</b>	<b>20,664</b>	<b>20,857</b>	<b>10.1%</b>
St. John's	8,266	8,966	9,340	9,440	9,504	15.0%
<b>Prince Edward Island</b>	<b>7,691</b>	<b>8,154</b>	<b>8,452</b>	<b>8,787</b>	<b>9,108</b>	<b>18.4%</b>
Charlottetown	3,631	3,902	4,074	4,237	4,422	21.8%
<b>Nova Scotia</b>	<b>41,374</b>	<b>43,616</b>	<b>44,381</b>	<b>45,283</b>	<b>46,199</b>	<b>11.7%</b>
Halifax	20,212	22,204	22,866	23,295	23,639	17.0%
<b>New Brunswick</b>	<b>29,582</b>	<b>31,065</b>	<b>32,893</b>	<b>34,461</b>	<b>34,366</b>	<b>16.2%</b>
Saint John	4,920	5,285	5,586	5,848	5,843	18.8%
<b>Quebec</b>	<b>353,746</b>	<b>382,760</b>	<b>403,787</b>	<b>425,436</b>	<b>442,925</b>	<b>25.2%</b>
Québec City	36,528	39,416	41,420	43,555	45,520	24.6%
Montréal	177,562	196,482	208,559	218,197	225,668	27.1%
<b>Ontario</b>	<b>607,055</b>	<b>666,876</b>	<b>728,779</b>	<b>780,666</b>	<b>831,244</b>	<b>36.9%</b>
Toronto	247,356	284,640	317,580	339,255	364,593	47.4%
Ottawa	55,215	58,332	63,196	69,070	76,256	38.1%
Niagara Falls	33,026	35,218	37,208	38,809	38,989	18.1%
<b>Manitoba</b>	<b>59,501</b>	<b>65,509</b>	<b>70,347</b>	<b>75,535</b>	<b>81,146</b>	<b>36.4%</b>
Winnipeg	40,147	44,199	47,439	50,986	54,549	35.9%
<b>Saskatchewan</b>	<b>45,832</b>	<b>50,767</b>	<b>54,249</b>	<b>57,789</b>	<b>61,500</b>	<b>34.2%</b>
Regina	11,114	12,444	13,387	14,303	15,184	36.6%
Saskatoon	13,371	15,282	16,587	17,715	18,903	41.4%
<b>Alberta</b>	<b>163,866</b>	<b>187,794</b>	<b>203,959</b>	<b>221,321</b>	<b>238,808</b>	<b>45.7%</b>
Edmonton	49,414	56,926	62,042	67,467	72,465	46.6%
Calgary	61,239	70,989	77,834	85,033	91,709	49.8%
<b>British Columbia</b>	<b>273,200</b>	<b>298,576</b>	<b>320,202</b>	<b>342,133</b>	<b>365,534</b>	<b>33.8%</b>
Victoria	23,435	24,720	26,064	28,145	30,518	30.2%
Vancouver	142,876	158,690	171,472	181,667	190,970	33.7%
<b>TOTAL LABOUR DEMAND</b>	<b>1,607,544</b>	<b>1,762,219</b>	<b>1,895,425</b>	<b>2,020,567</b>	<b>2,140,696</b>	<b>33.2%</b>

Note: The city figures are a subset of the province in which they are located.

**Table 3B: Growth in Potential Tourism Labour Demand by Province and City**  
(compound annual growth rate)

	2011–2015	2016–2020	2021–2025	2026–2030
<b>Newfoundland and Labrador</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.2%</b>	<b>0.2%</b>
St. John's	1.6%	0.8%	0.2%	0.1%
<b>Prince Edward Island</b>	<b>1.2%</b>	<b>0.7%</b>	<b>0.8%</b>	<b>0.7%</b>
Charlottetown	1.5%	0.9%	0.8%	0.9%
<b>Nova Scotia</b>	<b>1.1%</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.4%</b>
Halifax	1.9%	0.6%	0.4%	0.3%
<b>New Brunswick</b>	<b>1.0%</b>	<b>1.2%</b>	<b>0.9%</b>	<b>-0.1%</b>
Saint John	1.4%	1.1%	0.9%	0.0%
<b>Quebec</b>	<b>1.6%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>0.8%</b>
Québec City	1.5%	1.0%	1.0%	0.9%
Montréal	2.0%	1.2%	0.9%	0.7%
<b>Ontario</b>	<b>1.9%</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.3%</b>
Toronto	2.8%	2.2%	1.3%	1.5%
Ottawa	1.1%	1.6%	1.8%	2.0%
Niagara Falls	1.3%	1.1%	0.8%	0.1%
<b>Manitoba</b>	<b>1.9%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.4%</b>
Winnipeg	1.9%	1.4%	1.5%	1.4%
<b>Saskatchewan</b>	<b>2.1%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>
Regina	2.3%	1.5%	1.3%	1.2%
Saskatoon	2.7%	1.7%	1.3%	1.3%
<b>Alberta</b>	<b>2.8%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.5%</b>
Edmonton	2.9%	1.7%	1.7%	1.4%
Calgary	3.0%	1.9%	1.8%	1.5%
<b>British Columbia</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.3%</b>
Victoria	1.1%	1.1%	1.5%	1.6%
Vancouver	2.1%	1.6%	1.2%	1.0%
<b>TOTAL LABOUR DEMAND</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.3%</b>	<b>1.2%</b>

### 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.

These 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 will all remain constant over the forecast horizon. While this may not necessarily prove to 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 projections for the potential growth of labour supply in the tourism sector indicate that overall tourism employment could rise from nearly 1.62 million full-year jobs in 2010 to 1.91 million full-year jobs in 2030. Between 2011 and 2015, the compound annual growth rate of the sector's potential labour supply is expected to reach 1.2 per cent, before decreasing to a rate of 0.8 per cent over the subsequent five years. The growth rate is expected to slow further between 2021 and 2030, averaging 0.7 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 20 years. The supply of labour to food and beverage services could rise from over 858,000 jobs in 2010 to well over 1 million jobs in 2030, an increase of 167,000 jobs. Meanwhile, potential labour supply in the accommodation industry is forecast to increase from over 235,000 in 2010 to exceed 282,000 in 2030, an increase of 47,000 jobs.

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

(full-year jobs)

	2010	2015	2020	2025	2030
Transportation	211,871	226,170	234,569	241,608	249,715
<i>Air transportation</i>	50,392	53,819	55,894	57,843	59,793
<i>Rail transportation</i>	4,435	4,653	4,700	4,586	4,622
<i>Other transportation</i>	157,043	167,697	173,976	179,179	185,300
Accommodation	235,539	251,726	262,832	273,245	282,563
Food and beverage services	858,560	909,939	949,129	989,065	1,025,544
Recreation and entertainment	268,026	279,207	283,978	288,618	299,282
Travel services	43,293	47,403	50,505	53,537	55,113
<b>TOTAL LABOUR SUPPLY</b>	<b>1,617,289</b>	<b>1,714,444</b>	<b>1,781,013</b>	<b>1,846,073</b>	<b>1,912,217</b>

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

(compound annual growth rate)

	2011–2015	2016–2020	2021–2025	2026–2030
Transportation	1.3%	0.7%	0.6%	0.7%
<i>Air transportation</i>	1.3%	0.8%	0.7%	0.7%
<i>Rail transportation</i>	1.0%	0.8%	0.7%	-0.1%
<i>Other transportation</i>	1.3%	0.7%	0.6%	0.7%
Accommodation	1.3%	0.9%	0.8%	0.7%
Food and beverage services	1.2%	0.8%	0.8%	0.7%
Recreation and entertainment	0.8%	0.3%	0.3%	0.7%
Travel services	1.8%	1.3%	1.2%	0.6%
<b>TOTAL LABOUR SUPPLY</b>	<b>1.2%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.7%</b>

While potential tourism labour supply will decrease in some provinces over the next 20 years, it is expected to grow solidly in others. Alberta is expected to generate the highest potential rate of growth in labour supply, followed by Manitoba, Ontario, and British Columbia. Between 2010 and 2030,

Alberta's potential labour supply could rise 31 per cent, from about 164,000 jobs to 214,000 jobs. During that same period, potential labour supply is forecast to rise 26 per cent in Manitoba, 21 per cent in Ontario, and 20 per cent in British Columbia. On the other hand, potential labour supply is expected to fall or remain about the same in all Atlantic Provinces except Prince Edward Island. (See table 5A).

Among the major cities, Calgary is expected to generate the highest potential rate of growth in labour supply, followed by Toronto, Edmonton, Winnipeg, and Saskatoon. Between 2010 and 2030, Calgary's supply of labour could rise 32 per cent, from nearly 62,000 jobs to over 81,000 jobs. During that same period, potential labour supply in the tourism sector is forecast to rise 30 per cent in Toronto and Edmonton, 25 per cent in Winnipeg, and 22 per cent in Saskatoon. (See table 5A).

**Table 5A: Potential Tourism Labour Supply by Province and City**  
(full-year jobs)

	2010	2015	2020	2025	2030	% change 2010 vs. 2030
<b>Newfoundland and Labrador</b>	<b>18,933</b>	<b>18,715</b>	<b>18,371</b>	<b>17,825</b>	<b>17,304</b>	<b>-8.6%</b>
St. John's	8,316	8,361	8,331	8,076	7,821	-6.0%
<b>Prince Edward Island</b>	<b>7,757</b>	<b>7,843</b>	<b>7,868</b>	<b>7,998</b>	<b>8,005</b>	<b>3.2%</b>
Charlottetown	3,683	3,680	3,728	3,834	3,895	5.8%
<b>Nova Scotia</b>	<b>41,843</b>	<b>42,140</b>	<b>41,243</b>	<b>40,310</b>	<b>39,491</b>	<b>-5.6%</b>
Halifax	20,674	21,179	20,853	20,402	19,906	-3.7%
<b>New Brunswick</b>	<b>29,825</b>	<b>30,762</b>	<b>30,760</b>	<b>29,972</b>	<b>29,019</b>	<b>-2.7%</b>
Saint John	5,073	5,233	5,190	5,048	4,896	-3.5%
<b>Quebec</b>	<b>356,290</b>	<b>373,999</b>	<b>378,437</b>	<b>383,428</b>	<b>393,496</b>	<b>10.4%</b>
Québec City	37,087	38,810	38,901	39,179	40,178	8.3%
Montréal	180,466	190,908	194,349	197,999	204,181	13.1%
<b>Ontario</b>	<b>612,063</b>	<b>648,569</b>	<b>680,822</b>	<b>713,213</b>	<b>743,069</b>	<b>21.4%</b>
Toronto	252,388	274,391	293,097	309,086	327,851	29.9%
Ottawa	54,908	57,734	60,247	63,246	67,116	22.2%
Niagara Falls	34,001	34,882	35,747	36,650	36,286	6.7%
<b>Manitoba</b>	<b>59,496</b>	<b>63,583</b>	<b>67,031</b>	<b>70,709</b>	<b>75,027</b>	<b>26.1%</b>
Winnipeg	40,075	42,788	45,025	47,487	50,158	25.2%
<b>Saskatchewan</b>	<b>45,635</b>	<b>49,130</b>	<b>50,582</b>	<b>52,164</b>	<b>54,104</b>	<b>18.6%</b>
Regina	10,892	11,829	12,215	12,652	13,117	20.4%
Saskatoon	13,142	14,431	14,980	15,517	16,148	22.9%
<b>Alberta</b>	<b>164,219</b>	<b>180,035</b>	<b>192,276</b>	<b>203,256</b>	<b>214,246</b>	<b>30.5%</b>
Edmonton	49,677	54,260	57,787	61,311	64,351	29.5%
Calgary	61,656	68,085	73,072	77,428	81,442	32.1%
<b>British Columbia</b>	<b>274,468</b>	<b>292,493</b>	<b>306,165</b>	<b>319,466</b>	<b>330,450</b>	<b>20.4%</b>
Victoria	23,395	24,469	25,228	26,178	27,028	15.5%
Vancouver	142,438	152,932	161,120	168,903	174,018	22.2%
<b>TOTAL LABOUR SUPPLY</b>	<b>1,617,289</b>	<b>1,714,444</b>	<b>1,781,013</b>	<b>1,846,073</b>	<b>1,912,217</b>	<b>18.2%</b>

Note: The city figures are a subset of the province in which they are located.

**Table 5B: Growth in Potential Tourism Labour Supply by Province and City**  
(compound annual growth rate)

	2011–2015	2016–2020	2021–2025	2026–2030
<b>Newfoundland and Labrador</b>	<b>-0.2%</b>	<b>-0.4%</b>	<b>-0.6%</b>	<b>-0.6%</b>
St. John's	0.1%	-0.1%	-0.6%	-0.6%
<b>Prince Edward Island</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.0%</b>
Charlottetown	0.0%	0.3%	0.6%	0.3%
<b>Nova Scotia</b>	<b>0.1%</b>	<b>-0.4%</b>	<b>-0.5%</b>	<b>-0.4%</b>
Halifax	0.5%	-0.3%	-0.4%	-0.5%
<b>New Brunswick</b>	<b>0.6%</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>-0.6%</b>
Saint John	0.6%	-0.2%	-0.6%	-0.6%
<b>Quebec</b>	<b>1.0%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.5%</b>
Québec City	0.9%	0.0%	0.1%	0.5%
Montréal	1.1%	0.4%	0.4%	0.6%
<b>Ontario</b>	<b>1.2%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.8%</b>
Toronto	1.7%	1.3%	1.1%	1.2%
Ottawa	1.0%	0.9%	1.0%	1.2%
Niagara Falls	0.5%	0.5%	0.5%	-0.2%
<b>Manitoba</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.2%</b>
Winnipeg	1.3%	1.0%	1.1%	1.1%
<b>Saskatchewan</b>	<b>1.5%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.7%</b>
Regina	1.7%	0.6%	0.7%	0.7%
Saskatoon	1.9%	0.7%	0.7%	0.8%
<b>Alberta</b>	<b>1.9%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.1%</b>
Edmonton	1.8%	1.3%	1.2%	1.0%
Calgary	2.0%	1.4%	1.2%	1.0%
<b>British Columbia</b>	<b>1.3%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.7%</b>
Victoria	0.9%	0.6%	0.7%	0.6%
Vancouver	1.4%	1.0%	0.9%	0.6%
<b>TOTAL LABOUR SUPPLY</b>	<b>1.2%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.7%</b>

### Potential Gap (Shortage or Surplus) of Labour in the Tourism Sector

The rapid deterioration in global economic conditions after September 2008 significantly affected the relationship between the demand for labour and the supply of labour in many tourism occupations. Prior to the recession, labour shortages were widespread in many sectors of the economy, including tourism. Shortages were most severe for chefs, some supervisory and middle-management positions, front-line and customer-service occupations, and housekeeping room attendants. Feedback received from tourism businesses suggested that recruiting for these occupations was often difficult, requiring long lead times and forcing some companies to leave the positions unfilled, or to hire candidates who were less than ideal.

In this study, labour gaps are presented in two different ways; in absolute numbers (labour demand minus labour supply) and as a relative proportion, whereby the projected labour shortage is presented as a percentage of overall potential labour demand, indicating how acute the labour shortage will be for a given industry or region.

The recent recession caused a dramatic change in labour market conditions, and many segments of the tourism sector experienced a surplus of labour as a result. While economic conditions, for the most part, improved during 2010 and 2011, the number of new hires in the sector has been curtailed by continuing economic uncertainty and rising operational costs, resulting in a continued surplus. As a result, the estimates suggest that the tourism sector experienced a surplus in labour equivalent to just over 9,700 full-year jobs in 2010 and over 13,000 in 2011. The supply of labour was expected to outpace labour demand in 2011, resulting in an increased labour surplus. On an industrial basis, the largest estimated surplus in labour in 2011 was in the recreation and entertainment industry (5,900 full-year jobs), followed by food and beverage services (3,900 full-year jobs). (See table 6).

**Table 6: Potential Short-Term Labour Gap in Canada's Tourism Sector**  
(full-year jobs)

	2010	2011	2012	2013	2014
Transportation	-573	-1,931	-1,320	398	2,365
<i>Air transportation</i>	-675	-103	-198	126	647
<i>Rail transportation</i>	-16	-32	-12	52	120
<i>Other transportation</i>	118	-1,796	-1,110	220	1,597
Accommodation	-1,737	-1,504	-1,973	-517	2,069
Food and beverage services	-6,636	-3,897	-754	6,978	15,216
Recreation and entertainment	-612	-5,896	-6,404	-2,683	2,350
Travel services	-186	-200	-274	-467	-689
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-9,745</b>	<b>-13,427</b>	<b>-10,725</b>	<b>3,709</b>	<b>21,311</b>

Note: Negative numbers indicate a labour surplus.

While market conditions are generally expected to improve during 2012 and into 2013, labour surpluses are forecast to remain for all tourism industry groups over the short term. However, labour demand in the sector is expected to increase by an average annual pace of 1.6 per cent from 2010 to 2014, while the potential supply of labour will increase at a more modest average annual pace of 1.2 per cent. In general, for every 1 per cent that the growth rate in labour demand exceeds that of the labour supply, the labour shortage will increase by 16,000 jobs. Therefore, for the transportation and food and beverage industries, labour shortages are expected to return by 2013. In the accommodations and recreation and entertainment industries, a labour shortage is expected to emerge by 2014. It is at this point that the aggregate demand for labour will exceed the available supply of labour for the tourism sector as a whole. While the demand for labour in travel services is expected to increase over the next few years, the available supply of labour is projected to continue to grow faster, resulting in ongoing surpluses in this area.

While some regions experienced labour shortages in 2010 and 2011, provincial labour projections for the tourism sector indicate that, overall, Ontario, Quebec, and British Columbia experienced sizable labour surpluses during 2010. In fact, the analysis suggests that many of the provinces and metropolitan regions that experienced labour surpluses in 2010 also continued to do so in 2011. Although economic conditions are expected to continue to improve during 2012 and into 2013, labour surpluses are likely to persist for many regions and provinces during this time. At the same time, the provinces of Newfoundland and Labrador, Manitoba, and Saskatchewan were already experiencing small shortages of labour in 2010, while Alberta saw a return of shortages in 2011. (See table 7).

**Table 7: Potential Short-Term Labour Gap (full-year jobs) in the Tourism Sector by Province and City**

	2010	2011	2012	2013	2014
<b>Newfoundland and Labrador</b>	<b>6</b>	<b>119</b>	<b>126</b>	<b>263</b>	<b>518</b>
St. John's	-51	44	89	191	350
<b>Prince Edward Island</b>	<b>-66</b>	<b>-43</b>	<b>-11</b>	<b>77</b>	<b>182</b>
Charlottetown	-52	-22	12	73	141
<b>Nova Scotia</b>	<b>-469</b>	<b>-512</b>	<b>-629</b>	<b>-88</b>	<b>593</b>
Halifax	-462	-390	-343	28	473
<b>New Brunswick</b>	<b>-243</b>	<b>-865</b>	<b>-884</b>	<b>-688</b>	<b>-428</b>
Saint John	-153	-237	-217	-162	-96
<b>Quebec</b>	<b>-2,544</b>	<b>-2,391</b>	<b>-2,383</b>	<b>832</b>	<b>4,153</b>
Québec City	-559	-535	-546	-214	128
Montréal	-2,903	-2,353	-1,747	436	2,665
<b>Ontario</b>	<b>-5,008</b>	<b>-7,171</b>	<b>-5,408</b>	<b>412</b>	<b>6,098</b>
Toronto	-5,032	-4,788	-2,988	519	3,987
Ottawa	307	-225	-413	-244	-101
Niagara Falls	-975	-1,114	-995	-632	-254
<b>Manitoba</b>	<b>4</b>	<b>233</b>	<b>309</b>	<b>774</b>	<b>1,305</b>
Winnipeg	72	227	287	614	982
<b>Saskatchewan</b>	<b>197</b>	<b>238</b>	<b>386</b>	<b>742</b>	<b>1,227</b>
Regina	222	234	282	383	508
Saskatoon	229	280	363	505	687
<b>Alberta</b>	<b>-354</b>	<b>254</b>	<b>641</b>	<b>2,070</b>	<b>5,139</b>
Edmonton	-263	-14	197	715	1,754
Calgary	-417	-145	30	605	1,845
<b>British Columbia</b>	<b>-1,268</b>	<b>-3,281</b>	<b>-2,867</b>	<b>-738</b>	<b>2,397</b>
Victoria	40	-233	-276	-167	25
Vancouver	438	-276	235	1,624	3,532
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-9,745</b>	<b>-13,427</b>	<b>-10,725</b>	<b>3,709</b>	<b>21,311</b>

Note: The city figures are a subset of the province in which they are located. Negative numbers indicate a labour surplus.

Assuming that European leaders will avoid the collapse of the euro and that U.S. policy-makers will take the right measures to ensure fiscal policy supports economic growth, overall labour demand will exceed labour supply for tourism occupations in most regions and provinces of Canada by 2014 and worsen progressively. By 2030, the labour shortage in the tourism sector could amount to over 228,000 jobs, with the estimated shortfall in sector revenues attributable to this gap approaching \$31.4 billion. The industry group expected to see the largest shortages over the long term is food and beverage services. By 2030, this industry's potential supply of labour could fall short of demand by more than 136,000 full-year jobs. The recreation and entertainment industry is also expected to experience a substantial shortage of workers over the next 15 to 20 years. (See table 8).

By 2030, Ontario's supply of labour could lag potential labour demand by over 88,000 full-year jobs—the most significant shortfall in terms of absolute size. Substantial labour shortages are also expected for Quebec, British Columbia, and Alberta. In relative terms, Atlantic Canada is expected to endure some of the most acute shortages in tourism labour as a percentage of overall potential labour demand. By 2030, potential labour shortages are projected to range from 12.1 per cent in Prince Edward Island to 17 per cent in Newfoundland and Labrador. Among the metropolitan areas, Toronto's supply of labour could

fall short of potential demand by nearly 37,000 full-year jobs. Significant shortfalls are also forecast for Montréal, Vancouver, Calgary, Ottawa, and Edmonton. (See tables 9A and 9B).

**Table 8: Potential Labour Gap in Canada's Tourism Sector**

(full-year jobs)

	2010	2015	2020	2025	2030	% short of labour demand (2030)
Transportation	-573	4,403	10,662	19,175	26,321	9.5%
<i>Air transportation</i>	-675	1,083	3,811	8,045	11,015	15.6%
<i>Rail transportation</i>	-16	180	172	285	242	5.0%
<i>Other transportation</i>	118	3,140	6,679	10,845	15,064	7.5%
Accommodation	-1,737	4,922	9,868	17,230	25,585	8.3%
Food and beverage services	-6,636	34,802	76,498	107,477	136,719	11.8%
Recreation and entertainment	-612	4,433	20,027	35,451	45,743	13.3%
Travel services	-186	-786	-2,643	-4,839	-5,889	-12.0%
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-9,745</b>	<b>47,775</b>	<b>114,413</b>	<b>174,494</b>	<b>228,479</b>	<b>10.7%</b>

Note: Negative numbers indicate a labour surplus.

**Table 9A: Potential Tourism Labour Gap by Province and City**

(full-year jobs)

	2010	2015	2020	2025	2030
<b><i>Newfoundland and Labrador</i></b>	<b>6</b>	<b>983</b>	<b>2,054</b>	<b>2,840</b>	<b>3,553</b>
St. John's	-51	605	1,009	1,364	1,683
<b><i>Prince Edward Island</i></b>	<b>-66</b>	<b>310</b>	<b>583</b>	<b>789</b>	<b>1,104</b>
Charlottetown	-52	222	346	403	527
<b><i>Nova Scotia</i></b>	<b>-469</b>	<b>1,476</b>	<b>3,138</b>	<b>4,973</b>	<b>6,708</b>
Halifax	-462	1,025	2,013	2,893	3,732
<b><i>New Brunswick</i></b>	<b>-243</b>	<b>303</b>	<b>2,133</b>	<b>4,489</b>	<b>5,347</b>
Saint John	-153	52	396	800	948
<b><i>Quebec</i></b>	<b>-2,544</b>	<b>8,760</b>	<b>25,350</b>	<b>42,008</b>	<b>49,429</b>
Québec City	-559	606	2,519	4,376	5,342
Montréal	-2,903	5,574	14,210	20,198	21,487
<b><i>Ontario</i></b>	<b>-5,008</b>	<b>18,307</b>	<b>47,957</b>	<b>67,453</b>	<b>88,175</b>
Toronto	-5,032	10,249	24,482	30,169	36,743
Ottawa	307	598	2,949	5,824	9,141
Niagara Falls	-975	336	1,461	2,159	2,702
<b><i>Manitoba</i></b>	<b>4</b>	<b>1,926</b>	<b>3,316</b>	<b>4,826</b>	<b>6,119</b>
Winnipeg	72	1,411	2,414	3,499	4,391
<b><i>Saskatchewan</i></b>	<b>197</b>	<b>1,637</b>	<b>3,668</b>	<b>5,624</b>	<b>7,396</b>
Regina	222	616	1,173	1,651	2,068
Saskatoon	229	851	1,607	2,198	2,756
<b><i>Alberta</i></b>	<b>-354</b>	<b>7,759</b>	<b>11,683</b>	<b>18,065</b>	<b>24,562</b>
Edmonton	-263	2,666	4,255	6,156	8,113
Calgary	-417	2,905	4,763	7,605	10,268
<b><i>British Columbia</i></b>	<b>-1,268</b>	<b>6,083</b>	<b>14,037</b>	<b>22,667</b>	<b>35,085</b>
Victoria	40	251	836	1,967	3,490
Vancouver	438	5,757	10,352	12,764	16,952
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-9,745</b>	<b>47,775</b>	<b>114,413</b>	<b>174,494</b>	<b>228,479</b>

Note: The city figures are a subset of the province in which they are located. Negative numbers indicate a labour surplus.

**Table 9B: Potential Tourism Labour Gap as a Share of Overall Demand**

(per cent short of meeting labour demand, based on full-year jobs)

	2010	2015	2020	2025	2030
<b>Newfoundland and Labrador</b>	<b>0.0%</b>	<b>5.0%</b>	<b>10.1%</b>	<b>13.7%</b>	<b>17.0%</b>
St. John's	-0.6%	6.7%	10.8%	14.5%	17.7%
<b>Prince Edward Island</b>	<b>-0.9%</b>	<b>3.8%</b>	<b>6.9%</b>	<b>9.0%</b>	<b>12.1%</b>
Charlottetown	-1.4%	5.7%	8.5%	9.5%	11.9%
<b>Nova Scotia</b>	<b>-1.1%</b>	<b>3.4%</b>	<b>7.1%</b>	<b>11.0%</b>	<b>14.5%</b>
Halifax	-2.3%	4.6%	8.8%	12.4%	15.8%
<b>New Brunswick</b>	<b>-0.8%</b>	<b>1.0%</b>	<b>6.5%</b>	<b>13.0%</b>	<b>15.6%</b>
Saint John	-3.1%	1.0%	7.1%	13.7%	16.2%
<b>Quebec</b>	<b>-0.7%</b>	<b>2.3%</b>	<b>6.3%</b>	<b>9.9%</b>	<b>11.2%</b>
Québec City	-1.5%	1.5%	6.1%	10.0%	11.7%
Montréal	-1.6%	2.8%	6.8%	9.3%	9.5%
<b>Ontario</b>	<b>-0.8%</b>	<b>2.7%</b>	<b>6.6%</b>	<b>8.6%</b>	<b>10.6%</b>
Toronto	-2.0%	3.6%	7.7%	8.9%	10.1%
Ottawa	0.6%	1.0%	4.7%	8.4%	12.0%
Niagara Falls	-3.0%	1.0%	3.9%	5.6%	6.9%
<b>Manitoba</b>	<b>0.0%</b>	<b>2.9%</b>	<b>4.7%</b>	<b>6.4%</b>	<b>7.5%</b>
Winnipeg	0.2%	3.2%	5.1%	6.9%	8.0%
<b>Saskatchewan</b>	<b>0.4%</b>	<b>3.2%</b>	<b>6.8%</b>	<b>9.7%</b>	<b>12.0%</b>
Regina	2.0%	4.9%	8.8%	11.5%	13.6%
Saskatoon	1.7%	5.6%	9.7%	12.4%	14.6%
<b>Alberta</b>	<b>-0.2%</b>	<b>4.1%</b>	<b>5.7%</b>	<b>8.2%</b>	<b>10.3%</b>
Edmonton	-0.5%	4.7%	6.9%	9.1%	11.2%
Calgary	-0.7%	4.1%	6.1%	8.9%	11.2%
<b>British Columbia</b>	<b>-0.5%</b>	<b>2.0%</b>	<b>4.4%</b>	<b>6.6%</b>	<b>9.6%</b>
Victoria	0.2%	1.0%	3.2%	7.0%	11.4%
Vancouver	0.3%	3.6%	6.0%	7.0%	8.9%
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-0.6%</b>	<b>2.7%</b>	<b>6.0%</b>	<b>8.6%</b>	<b>10.7%</b>

Note: Negative numbers indicate a labour surplus.

### Potential Labour Shortages by Occupation

Nationally, the tourism occupations projected to have the most significant shortage of workers over the next 15 to 20 years are: food-counter attendants and kitchen helpers; and, food and beverage servers. By 2030, these occupations could experience shortages equivalent to nearly 43,000 and 39,000 full-year jobs, respectively. As seen in table 10A, cooks, bartenders, and program leaders/instructors in recreation and sport round out the top five occupations expected to experience the largest shortages.

Among the provinces, there are few differences in the ranking of tourism occupations expected to suffer the most significant shortages of workers. In every province, food-counter attendants and kitchen helpers are projected to see the largest shortage by 2030. Over the next 15 to 20 years Saskatchewan and Prince Edward Island are also projected to see a shortage of light-duty cleaners, while Ontario is expected to experience a shortage of bus drivers.

**Table 10A: Occupations with the Largest Expected Labour Shortages—In Absolute Size**  
(full-year jobs)

	2010	2015	2020	2025	2030
Food-counter attendants and kitchen helpers*	-2,365	11,956	25,911	35,646	42,690
Food and beverage servers*	-1,845	10,209	20,710	30,847	38,782
Cooks*	92	5,465	12,540	16,496	20,536
Bartenders*	-277	2,321	5,003	7,394	8,738
Program leaders / instructors in recreation and sport*	-415	813	2,574	4,737	6,267

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

Over the long term, the occupational group projected to suffer the most acute labour shortage *vis-à-vis* that occupation's estimated labour demand is air pilots, flight engineers, and flying instructors. By 2030, potential demand for workers in this occupation is expected to fall short of supply by 23.2 per cent. This is followed by landscaping and ground maintenance workers (in the recreation and entertainment industry) at 21.1 per cent, bartenders at 20.7 per cent, and security guards and related occupations at 18 per cent. (See table 10B).

**Table 10B: Occupations with the Most Acute Labour Shortage—In Relative Terms**  
(per cent short of meeting labour demand)

	2030
Air pilots, flight engineers, and flying instructors	23.2%
Landscaping and grounds maintenance labourers	21.1%
Bartenders*	20.7%
Security guards and related occupations	18.0%
Aircraft mechanics and aircraft inspectors	15.7%

\*Note: The figure for bartenders includes the combined labour shortages from both food and beverage services and accommodation industries.

### 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. 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. As previously noted, for the purpose of this study, a "job" is considered to be work for the period of a year, regardless of the number of hours per week. 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.

As previously reported, the potential labour shortage in Canada's tourism sector could reach over 228,000 jobs by 2030. From the perspective of the number of hours this represents, this shortage translates into an estimated 325 million hours by 2030. These 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 of the Tourism Satellite Account.

Breaking down labour shortages by unfilled hours also presents a different perspective on the severity of the shortages projected. The disparity in average hours per job is the primary reason why the shortage viewed from the perspective of hours can be different from that viewed by jobs. In particular, some of the occupations with the greatest shortages in jobs—food-counter attendants, kitchen helpers, and food and beverage servers—tend to work fewer average hours per year than many other tourism occupations. As a result, the shortage in these occupations viewed from the perspective of hours tends to be less acute. This is also the case, to a slightly lesser extent, when viewing shortages from an industry perspective.

For example, as seen in table 11, although the food and beverage industry is still expected to see the largest labour shortages by 2030 when looking at hours unfilled, its share among all tourism industries is slightly smaller than when looking at full-year jobs unfilled (see table 8). Conversely, labour shortages for the transportation and accommodation industries become even more severe when viewed in the context of hours.

Projections for potential labour shortages in the tourism sector by province and city also present a slightly different picture of the severity of shortages in each region when viewed by hours. From this perspective, the potential tourism labour shortages in most provinces appear slightly less severe. In particular, shortages in Ontario, Alberta, and British Columbia appear moderately less acute when viewed by hours. However, shortages in Atlantic Canada and Saskatchewan appear as severe from this perspective. (See tables 12A and 12B).

**Table 11: Potential Labour Gap in Canada's Tourism Sector**  
(millions of hours)

	2010	2015	2020	2025	2030	% short of labour demand (2030)
Transportation	-0.86	7.72	18.39	33.04	45.26	9.6%
<i>Air transportation</i>	-1.05	1.93	6.59	13.96	19.11	16.0%
<i>Rail transportation</i>	-0.04	0.38	0.37	0.61	0.52	5.0%
<i>Other transportation</i>	0.23	5.40	11.43	18.47	25.63	7.5%
Accommodation	-2.87	7.67	15.65	27.60	42.12	8.3%
Food and beverage services	-8.77	42.81	97.51	137.37	178.35	11.2%
Recreation and entertainment	-0.77	6.56	30.16	53.65	69.85	13.2%
Travel services	-0.33	-1.44	-4.76	-8.72	-10.62	-12.0%
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-13.61</b>	<b>63.32</b>	<b>156.94</b>	<b>242.94</b>	<b>324.96</b>	<b>10.2%</b>

Note: Negative numbers indicate a labour surplus.

**Table 12A: Potential Tourism Labour Gap by Province and City**  
(millions of hours)

	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
<b><i>Newfoundland and Labrador</i></b>	<b>0.03</b>	<b>1.43</b>	<b>3.09</b>	<b>4.34</b>	<b>5.51</b>
St. John's	-0.07	0.85	1.44	1.99	2.50
<b><i>Prince Edward Island</i></b>	<b>-0.09</b>	<b>0.46</b>	<b>0.85</b>	<b>1.17</b>	<b>1.67</b>
Charlottetown	-0.08	0.32	0.49	0.57	0.77
<b><i>Nova Scotia</i></b>	<b>-0.67</b>	<b>1.94</b>	<b>4.39</b>	<b>7.16</b>	<b>9.80</b>
Halifax	-0.69	1.35	2.77	4.08	5.37
<b><i>New Brunswick</i></b>	<b>-0.34</b>	<b>0.38</b>	<b>3.01</b>	<b>6.46</b>	<b>7.78</b>
Saint John	-0.24	0.04	0.52	1.10	1.33
<b><i>Quebec</i></b>	<b>-3.55</b>	<b>11.88</b>	<b>35.85</b>	<b>59.82</b>	<b>71.99</b>
Québec City	-0.83	0.81	3.49	6.17	7.78
Montréal	-4.49	6.94	18.79	27.20	29.25
<b><i>Ontario</i></b>	<b>-7.00</b>	<b>23.63</b>	<b>64.19</b>	<b>91.37</b>	<b>122.91</b>
Toronto	-7.25	13.24	32.41	39.84	50.83
Ottawa	0.43	0.59	3.81	8.01	13.25
Niagara Falls	-1.45	0.41	1.90	2.82	3.78
<b><i>Manitoba</i></b>	<b>-0.02</b>	<b>2.71</b>	<b>4.76</b>	<b>7.03</b>	<b>9.02</b>
Winnipeg	0.02	1.93	3.35	4.91	6.17
<b><i>Saskatchewan</i></b>	<b>0.26</b>	<b>2.29</b>	<b>5.40</b>	<b>8.33</b>	<b>10.99</b>
Regina	0.43	0.96	1.78	2.49	3.06
Saskatoon	0.46	1.30	2.41	3.29	4.10
<b><i>Alberta</i></b>	<b>-0.44</b>	<b>10.82</b>	<b>16.57</b>	<b>25.84</b>	<b>35.08</b>
Edmonton	-0.37	3.67	5.89	8.61	11.28
Calgary	-0.64	4.01	6.69	10.93	14.67
<b><i>British Columbia</i></b>	<b>-1.78</b>	<b>7.79</b>	<b>18.82</b>	<b>31.40</b>	<b>50.20</b>
Victoria	0.09	0.34	1.16	2.84	5.22
Vancouver	0.73	7.70	13.71	16.73	22.40
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-13.61</b>	<b>63.32</b>	<b>156.94</b>	<b>242.94</b>	<b>324.96</b>

Note: Negative numbers indicate a labour surplus.

**Table 12B: Potential Tourism Labour Gap by Province and City as a Share of Demand**  
(per cent short of meeting labour demand, based on hours of employment)

	2010	2015	2020	2025	2030
<b>Newfoundland and Labrador</b>	<b>0.1%</b>	<b>4.7%</b>	<b>9.8%</b>	<b>13.7%</b>	<b>17.2%</b>
St. John's	-0.5%	6.3%	10.3%	14.0%	17.5%
<b>Prince Edward Island</b>	<b>-0.8%</b>	<b>3.8%</b>	<b>6.7%</b>	<b>8.9%</b>	<b>12.2%</b>
Charlottetown	-1.4%	5.4%	8.0%	8.8%	11.4%
<b>Nova Scotia</b>	<b>-1.1%</b>	<b>3.0%</b>	<b>6.7%</b>	<b>10.7%</b>	<b>14.4%</b>
Halifax	-2.2%	4.0%	8.0%	11.6%	15.1%
<b>New Brunswick</b>	<b>-0.8%</b>	<b>0.8%</b>	<b>6.2%</b>	<b>12.7%</b>	<b>15.3%</b>
Saint John	-3.2%	0.5%	6.3%	12.8%	15.4%
<b>Quebec</b>	<b>-0.7%</b>	<b>2.1%</b>	<b>6.0%</b>	<b>9.6%</b>	<b>11.0%</b>
Québec City	-1.5%	1.4%	5.7%	9.6%	11.5%
Montréal	-1.7%	2.3%	6.0%	8.3%	8.7%
<b>Ontario</b>	<b>-0.8%</b>	<b>2.4%</b>	<b>5.9%</b>	<b>7.8%</b>	<b>9.9%</b>
Toronto	-1.9%	3.1%	6.8%	7.8%	9.3%
Ottawa	0.5%	0.7%	4.1%	7.8%	11.7%
Niagara Falls	-2.9%	0.8%	3.4%	4.8%	6.6%
<b>Manitoba</b>	<b>0.0%</b>	<b>2.8%</b>	<b>4.5%</b>	<b>6.2%</b>	<b>7.4%</b>
Winnipeg	0.0%	2.9%	4.6%	6.3%	7.5%
<b>Saskatchewan</b>	<b>0.4%</b>	<b>3.0%</b>	<b>6.6%</b>	<b>9.6%</b>	<b>11.9%</b>
Regina	2.6%	5.2%	8.9%	11.6%	13.5%
Saskatoon	2.3%	5.7%	9.7%	12.3%	14.5%
<b>Alberta</b>	<b>-0.2%</b>	<b>3.8%</b>	<b>5.4%</b>	<b>7.8%</b>	<b>9.8%</b>
Edmonton	-0.5%	4.3%	6.3%	8.5%	10.4%
Calgary	-0.7%	3.7%	5.6%	8.4%	10.5%
<b>British Columbia</b>	<b>-0.4%</b>	<b>1.7%</b>	<b>3.9%</b>	<b>6.1%</b>	<b>9.2%</b>
Victoria	0.3%	0.9%	3.0%	6.7%	11.4%
Vancouver	0.3%	3.2%	5.3%	6.2%	7.9%
<b>TOTAL SHORTAGE (SURPLUS)</b>	<b>-0.6%</b>	<b>2.4%</b>	<b>5.6%</b>	<b>8.1%</b>	<b>10.2%</b>

Note: Negative numbers indicate a labour surplus.

### Potential Job Openings Due to Turnover, Expansion, and Attrition

Aside from projecting the number of jobs that will potentially be demanded by tourism businesses, this report also includes a perspective on the number of job openings that could arise in the tourism sector during each five-year period from 2011 to 2030. (See table 13). Considering that the tourism sector workforce is younger than that of the overall economy, the average duration of employment for many tourism occupations tends to be relatively short. As a result, it is not surprising that turnover—both voluntary (the employee quit) and involuntary (the employee was fired or laid off)—represents the bulk of the expected job openings. The remaining share of job openings will be the result of expanded demand—jobs that were not previously filled and hence can be considered net “new” jobs created as the sector grows—and attrition, which stems from people permanently leaving the labour force because of retirement or death.

Based on the average tenure of employment, it is estimated that over 85 per cent of the projected job openings in the tourism sector nationwide will be tied to turnover. The share of job openings attributed to these voluntary and involuntary departures will tend to decrease slightly until 2026–2030. Over the same period, attrition demand is expected to ramp up, peaking in 2021–2025, before falling back slightly. The highest proportion of job openings associated with expansion demand is expected between 2011 and 2015; thereafter, growth due to expansion will slow (Table 14).

**Table 13: Number of Potential Full-Year Job Openings in the Tourism Sector**

	2011–2015	2016–2020	2021–2025	2026–2030
Newfoundland and Labrador	18,957	20,387	20,599	20,348
Prince Edward Island	7,952	8,374	8,830	8,966
Nova Scotia	29,813	33,044	34,929	33,286
New Brunswick	42,290	43,659	45,344	45,413
Quebec	376,251	403,549	430,986	437,571
Ontario	652,267	733,026	788,842	822,368
Manitoba	64,419	70,131	76,413	80,456
Saskatchewan	50,307	54,137	58,341	60,871
Alberta	187,230	203,915	224,115	236,795
British Columbia	291,745	319,493	345,648	362,588
<b>TOTAL JOB OPENINGS</b>	<b>1,728,503</b>	<b>1,897,676</b>	<b>2,042,660</b>	<b>2,117,590</b>

**Table 14: Share of Full-Year Job Openings Attributable to Turnover, Expansion, and Attrition**

	Job openings due to turnover				Job openings due to expansion				Job openings due to attrition			
	2011-2015	2016-2020	2021-2025	2026-2030	2011-2015	2016-2020	2021-2025	2026-2030	2011-2015	2016-2020	2021-2025	2026-2030
Newfoundland and Labrador	90.5%	88.8%	89.7%	91.8%	4.0%	3.6%	1.2%	1.0%	5.5%	7.6%	9.1%	7.2%
Prince Edward Island	89.3%	89.5%	88.1%	90.0%	5.8%	3.6%	3.8%	3.6%	4.9%	6.9%	8.1%	6.4%
Nova Scotia	90.2%	87.8%	87.5%	93.4%	4.9%	5.5%	4.5%	0.0%	4.9%	6.7%	8.0%	6.6%
New Brunswick	89.9%	91.3%	89.8%	91.6%	5.2%	1.8%	2.0%	2.1%	4.8%	6.9%	8.2%	6.4%
Quebec	87.6%	88.1%	87.0%	89.6%	7.6%	5.2%	5.0%	4.0%	4.8%	6.8%	8.0%	6.4%
Ontario	86.1%	84.9%	85.4%	87.5%	9.1%	8.4%	6.6%	6.1%	4.8%	6.7%	8.0%	6.4%
Manitoba	85.8%	86.1%	84.8%	86.4%	9.3%	6.9%	6.8%	7.0%	4.9%	7.0%	8.4%	6.6%
Saskatchewan	85.5%	86.7%	85.9%	87.5%	9.7%	6.4%	6.1%	6.1%	4.8%	6.8%	8.1%	6.4%
Alberta	82.5%	85.1%	83.9%	86.0%	12.7%	7.9%	7.7%	7.4%	4.8%	7.0%	8.3%	6.6%
British Columbia	86.5%	86.3%	85.4%	87.0%	8.5%	6.7%	6.3%	6.4%	4.9%	6.9%	8.3%	6.5%
<b>CANADA</b>	<b>86.3%</b>	<b>86.2%</b>	<b>85.8%</b>	<b>87.9%</b>	<b>8.9%</b>	<b>7.0%</b>	<b>6.1%</b>	<b>5.7%</b>	<b>4.9%</b>	<b>6.8%</b>	<b>8.1%</b>	<b>6.4%</b>

## Potential Labour Shortages Due to Turnover, Expansion, and Attrition

The analysis of the share of job openings in the tourism sector that could be attributed to turnover, expansion, and attrition make it possible to assess labour shortages in a similar manner. However, particular assumptions are required. Without knowing the specific origin of future unfilled jobs, it is necessary to assume that the distribution of these jobs matches that of job openings—specifically, the rate by which openings originate from turnover, expansion, or attrition demand.

Table 15 shows the share of potential job shortages attributed to turnover (both voluntary and involuntary), expansion, and attrition. The specific shares attributed to the shortage are different from those shown for job openings because these positions are weighted more heavily by the occupations that are in greatest shortage. Similar to the analysis of job openings, the data suggest that more than 85 per cent of the job shortages in the tourism sector nationwide will be tied to turnover. As a share of total job shortages, expansion demand is expected to be most significant during 2011–2015, while the retirement of the baby boomers will make attrition most significant between 2021 and 2025.

**Table 15: Share of Full-Year Labour Shortages Attributable to Turnover, Expansion, and Attrition**

	Shortages due to turnover				Shortages due to expansion				Shortages due to attrition			
	2011-2015	2016-2020	2021-2025	2026-2030	2011-2015	2016-2020	2021-2025	2026-2030	2011-2015	2016-2020	2021-2025	2026-2030
Newfoundland and Labrador	90.9%	88.6%	89.0%	90.4%	4.1%	3.8%	1.4%	1.5%	5.0%	7.5%	9.5%	8.1%
Prince Edward Island	88.9%	89.6%	87.5%	89.0%	6.4%	3.7%	4.1%	4.0%	4.6%	6.7%	8.4%	7.0%
Nova Scotia	92.0%	87.8%	87.1%	93.4%	4.9%	5.9%	4.8%	-0.3%	3.2%	6.4%	8.1%	6.9%
New Brunswick	90.6%	91.9%	89.7%	91.3%	6.2%	1.9%	2.2%	2.3%	3.2%	6.2%	8.0%	6.4%
Quebec	88.5%	88.3%	87.0%	89.1%	8.0%	5.5%	5.4%	4.5%	3.5%	6.2%	7.6%	6.5%
Ontario	87.2%	85.7%	86.2%	87.4%	9.6%	9.1%	7.0%	6.6%	3.2%	5.1%	6.8%	5.9%
Manitoba	85.9%	85.2%	83.3%	84.8%	9.5%	7.7%	8.0%	8.2%	4.6%	7.1%	8.7%	7.0%
Saskatchewan	84.5%	84.7%	84.2%	86.4%	10.4%	7.4%	6.7%	6.6%	5.1%	7.9%	9.1%	7.1%
Alberta	82.4%	84.4%	83.3%	86.1%	13.0%	8.9%	8.6%	7.8%	4.6%	6.7%	8.1%	6.1%
British Columbia	86.7%	86.4%	85.1%	86.4%	8.6%	7.2%	7.0%	7.1%	4.7%	6.5%	7.9%	6.5%
<b>CANADA</b>	<b>86.7%</b>	<b>86.5%</b>	<b>86.0%</b>	<b>87.7%</b>	<b>9.5%</b>	<b>7.6%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>3.9%</b>	<b>5.9%</b>	<b>7.5%</b>	<b>6.3%</b>

## Reacting to the Labour Gap—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, and many are likely to respond by raising wages to attract more employees. However, raising wages in the sector would only increase the supply of labour equivalent to 34,215 full-year jobs overall, a modest 15 per cent of the total potential labour shortage projected for the tourism sector in 2030. Although this would help businesses increase their workforce, it would also force them to pass on higher labour costs to customers, thereby reducing overall tourism demand and, in turn, profits. The market interaction model

suggests that raising real wages would eliminate shortages by significantly reducing tourism demand, while generating a relatively small increase in labour supply (Table 16). In other words, raising wages would not be enough to stimulate a significant increase in labour supply, and would stifle the growth of the tourism sector.

In taking this approach, the tourism sector would be operating with 194,000 fewer full-year jobs by 2030, while also constraining the growth of capital investments and tourism-related infrastructure. This would reduce the potential demand for tourism in Canada by 7.9 per cent in 2030, costing the tourism sector an estimated \$23.2 billion in spending.

**Table 16: Additional Tourism Labour Supply Generated by Raising Wages in Canada**  
(full-year jobs)

	2015	2020	2025	2030
Transportation	1,670	3,766	6,060	8,349
<i>Air transportation</i>	366	921	1,740	2,382
<i>Rail transportation</i>	41	40	63	53
<i>Other transportation</i>	1,263	2,805	4,257	5,913
Accommodation	1,208	2,125	3,460	5,138
Food and beverage services	4,266	8,658	11,944	15,194
Recreation and entertainment	529	2,388	4,289	5,534
Travel services*	0	0	0	0
<b>TOTAL ADDITIONAL SUPPLY</b>	<b>7,673</b>	<b>16,936</b>	<b>25,752</b>	<b>34,215</b>

\*Note: Where a surplus of labour was projected during a given time period, a reduction in relative wages would be required to reduce prices and stimulate demand for those services, leading to an increase in overall employment in that industry. Considering that wages tend to be sticky downwards, the relationship was not modelled.

### Alternative Scenarios That Could Affect Potential Labour Shortages

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

The first scenario deals with the impact of meeting the target of \$100 billion in tourism revenues by 2015 as outlined in Canada's Federal Tourism Strategy. The strategy, released in October 2011, includes measures such as a marketing program to entice more high-spending international travellers to visit Canada. The strategy's target for tourism revenues is higher than that of the baseline forecast for tourism demand. If achieved, the additional spending would result in even more severe labour shortfalls than forecast in the base-case scenario.

The second scenario presents a drastically different perspective. In particular, this scenario involves examining the impact of a more disruptive resolution to the current European debt crisis. In comparison with the base case, this downside scenario assumes the debt crisis will escalate and pose the risk of another global recession in the near term.

## The Impact of Meeting the Federal Tourism Strategy Revenue Target (Upside Scenario)

This scenario examined the impact of successfully implementing the various policies outlined in the Federal Tourism Strategy (FTS) to achieve \$100 billion in tourism revenues by 2015. It should be noted that the revenue target of the Federal Tourism Strategy is stated in current dollars—meaning inflation is already part of the projection. This is different from the forecasts presented elsewhere in this report, which are presented in constant, or inflation adjusted, 2010 dollars. As depicted in Table 17, the base-case forecast of tourism demand in constant dollars (\$85.1 billion – see table 1A) translates to just over \$96.3 billion in current dollars by 2015, which is almost \$3.7 billion less than the FTS target.

**Table 17: Tourism and Non-Tourism Demand in 2015—Base Case vs. Federal Tourism Strategy Target**

	Base case \$ millions of current dollars	FTS scenario \$ millions of current dollars	\$ difference \$ millions of current dollars	% difference in 2015 FTS vs base case
Tourism demand	96,320	100,000	3,680	3.8%
Domestic	78,155	81,141	2,986	3.8%
Foreign	18,165	18,859	694	3.8%
Non-tourism demand	146,967	146,967	0	0%
<b>TOTAL DEMAND</b>	<b>243,287</b>	<b>246,967</b>	<b>3,680</b>	<b>1.5%</b>

In this scenario, it was assumed that the increase in tourism spending necessary to achieve the \$100-billion target in the Federal Tourism Strategy would be met by similar growth in both domestic and foreign tourism demand. It was also assumed that achieving this level of tourism revenues would not change the level of non-tourism demand or result in any price increases (compared with the base case). Therefore, overall demand for tourism-related services—from both tourists and local residents—would be 1.5 per cent higher than the base case, considering that non-tourism demand would not be affected. This increase in tourism demand would result in increased labour demand equal to 23,842 full-year jobs. Since labour supply would be unaffected in this scenario, the increased demand would boost the estimated shortages from 47,775 jobs to 71,616 jobs in 2015. (See table 18).

**Table 18: Increase in Tourism Demand and Associated Labour Demand to Achieve Federal Tourism Strategy Target and Resulting Labour Gap (difference by 2015 vs. base-case scenario)**

	Increase in tourism demand		Total Labour demand (full-year jobs)		Increase in labour demand		Resulting shortage
	\$ millions	%	Base case	FTS scenario	Full-Year Jobs	%	Full-Year Jobs
Transportation	1,517	1.4%	230,572	234,140	3,568	1.5%	7,971
<i>Air transportation</i>	811	3.6%	54,903	56,904	2,001	3.6%	3,084
<i>Rail transportation</i>	13	3.3%	4,833	4,991	158	3.3%	337
<i>Other transportation</i>	693	0.8%	170,837	172,246	1,409	0.8%	4,549
Accommodation	484	3.5%	256,648	265,578	8,930	3.5%	13,852
Food & beverage services	521	0.7%	944,741	951,753	7,012	0.7%	41,814
Recreation & entertainment	262	0.9%	283,640	286,191	2,551	0.9%	6,984
Travel services	156	3.8%	46,617	48,398	1,781	3.8%	995
Other services	124	3.8%	--	--	--	--	--
Other commodities	616	3.8%	--	--	--	--	--
<b>TOTAL TOURISM SECTOR</b>	<b>3,680</b>	<b>1.5%</b>	<b>1,762,219</b>	<b>1,786,060</b>	<b>23,842</b>	<b>1.4%</b>	<b>71,616</b>

## The Impact of an Escalation to the European Debt Crisis (Downside Scenario)

The second scenario examined the impact of an escalation to the current European sovereign debt crisis. While the base-case forecast assumed an orderly resolution to the debt crisis, this downside scenario is based on the assumption the debt crisis would escalate and, as a result, pose a risk of another global recession in 2012–2013. The economic context for this scenario was guided by the recently released UN report *World Economic Situation and Prospects 2012*, which examined the potential economic ramifications of the debt crisis.

To fully consider the impact on Canada's tourism sector, this analysis also considered the potential impact of weaker consumer confidence on the demand for tourism goods and services. However, considering the complexity of capturing all aspects of this scenario, the analysis was restricted to a national level short-term perspective only. Compared with the base case, the analysis suggests that the downside scenario would result in an overall reduction of \$5 billion in demand by 2015. In percentage terms, this represents a 2.4 per cent reduction from the base-case. Not surprisingly, the relative impact on tourism demand would be larger than for non-tourism demand, and the impact on foreign tourism demand would be larger than for domestic tourism demand. (See table 19).

Overall, the downside scenario suggests 46,107 fewer jobs will be demanded in the tourism sector by 2015—a reduction of 2.6 per cent relative to the base case. (See table 20). This decrease in labour demand would result in a surplus of labour for all tourism industries except food and beverage services. Considering the extent of labour shortages still projected in that industry, the downside scenario would ease, but not fully eliminate, labour shortages. Under the downside scenario, the overall potential labour gap would decrease from 47,775 jobs to 1,668 jobs by 2015.

**Table 19: Tourism and Non-Tourism Demand in 2015—Base Case vs. Escalation of EU Debt Crisis**

	Base case	EU scenario	\$ difference	% change
	\$ millions of current dollars			
Tourism demand	96,320	93,823	-2,497	-2.9%
<i>Domestic</i>	78,155	76,289	-1,866	-2.7%
<i>Foreign</i>	18,165	17,533	-631	-3.9%
Non-tourism demand	146,967	144,403	-2,564	-2.0%
<b>TOTAL DEMAND</b>	<b>243,287</b>	<b>238,227</b>	<b>-5,060</b>	<b>-2.4%</b>

**Table 20: Labour Demand and Resulting Labour Gap—Base Case vs. Escalation of EU Debt Crisis**  
(difference by 2015 vs. base-case scenario)

	Decrease in labour demand		Resulting shortage (surplus)
	Full-Year Jobs	%	Full-Year Jobs
Transportation	-4,802	-2.1%	-399
Accommodation	-7,443	-2.9%	-2,521
Food & beverage services	-25,508	-2.7%	9,294
Recreation & entertainment	-7,375	-2.6%	-2,941
Travel services	-979	-2.1%	-1,765
<b>TOTAL</b>	<b>-46,107</b>	<b>-2.6%</b>	<b>1,668</b>

## Summary of Projections and Modelling

Expanding demand for tourism goods and services, combined with the slowing growth of the Canadian labour force, could result in significant labour shortages for the tourism sector. While the global economic recession has resulted in bit of a reprieve over the short term, labour shortages are projected to ramp up 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 the void left by the departing baby boomers, but overall growth in the Canadian labour force will not be enough to meet future demand. The current analysis suggests that labour shortages will balloon to 228,000 jobs by 2030. This would leave 10.7 per cent of potential labour demand unfilled.

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, Quebec, British Columbia, and Alberta. However, the Atlantic Provinces are expected to suffer the most acute shortages as a percentage of overall potential labour demand, ranging from 12.1 per cent in Prince Edward Island to 17 per cent in Newfoundland and Labrador.

When looking at the breakdown by industry group, food and beverage services is forecast to suffer the largest shortfall, although shortages are also projected for the recreation and entertainment, transportation, and accommodation industries. Meanwhile, the travel services industry is not expected to see any significant labour shortages over the next 15 to 20 years.

This update of the Tourism Labour Supply and Demand study examined two alternative scenarios that could affect the short-term outlook for tourism employment. The first, an upside scenario, analyzed the impact of achieving Canada's Federal Tourism Strategy target of \$100 billion in tourism demand by 2015. The analysis found that the additional tourism demand that would occur in this scenario would increase the potential demand for labour, which would further increase labour shortages. While this analysis focused on producing numbers related to one specific policy target, any action on the part of government or industry that seeks to significantly increase the demand for tourism good and services in Canada could increase the difficulty for businesses to adequately staff jobs.

The second scenario examined the impact on Canada's tourism sector resulting from a more disruptive resolution to the current European debt crisis. The analysis found that the weaker economic environment would significantly dampen both tourism and non-tourism demand over the short term, significantly reducing the demand for labour. However, labour shortages in the sector overall would persist over the long term.

While quite distinct, both scenarios still provide evidence of the need to adopt effective strategies to increase the tourism sector's ability to compete by attracting and retaining workers. Even though the downside scenario may reduce the criticality of tourism labour issues, the root causes of weak supply growth will still manifest itself in labour shortages within the sector. In this regard, a proactive response on the part of the sector to find more effective ways to foster an adequate supply of skills and labour, even as the demand environment struggles through uncertainty, will better position the sector to compete over the longer term.

## Tourism Industry Consultations

Input from tourism organizations obtained through an online survey and a series of regional focus group sessions was an important component in developing the labour forecasts. These consultations provided valuable insight into labour issues currently affecting Canada's tourism sector, as well as the issues expected to affect the sector in the coming years. This feedback helped shape the final projections for the long-term forecast of labour supply and demand in Canada's tourism sector, and identified urgent issues the tourism sector and government must address to mitigate worsening labour shortages.

## Tourism Outlook Survey

An online survey of Canadian tourism businesses was conducted between September and December 2011. The survey analyzed the impact of current and future labour issues on tourism businesses relative to other operational and business challenges, by region and by industry group.

The results of the 2011 survey were benchmarked against two previous surveys conducted between December 2008 and February 2009, and again from October to December 2009. These data provided a snapshot of the economic downturn's effect on tourism businesses during the survey period and showed how tourism businesses expected the downturn would affect labour markets by 2011. All of the surveys were conducted among a similar profile of tourism businesses in all regions across Canada and in all five tourism industry groups. A total of 632 individuals completed the 2011 online survey in one of the official languages. *Please note that the results were not weighted to account for regional or industry differences, and should therefore be interpreted qualitatively.*

**Table 21: Profile of Survey Respondents by Industry**

	# respondents	% respondents
Transportation	30	4.8%
Accommodation	241	38.7%
Food & beverage services	102	16.4%
Recreation & entertainment	191	30.7%
Travel services	68	10.9%
<b>TOTAL</b>	<b>632</b>	<b>100.0%</b>

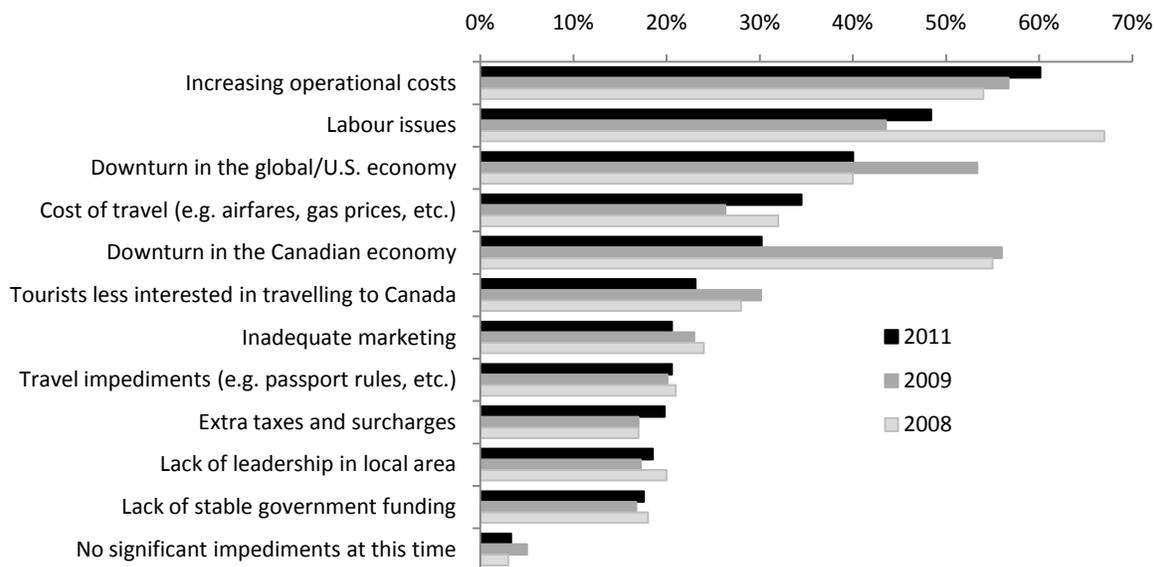
## Concerns about Labour Issues Grow

Since 2009, unease over labour issues has grown but has not yet reached the level of concern seen in 2008. In that year, labour issues were considered a significant impediment by 67 per cent of businesses, making them the number one concern for the tourism sector. By late 2011, just under half of the respondents surveyed (48 per cent) considered labour issues a significant impediment to their company, up from 44 per cent in the 2009 survey. This shows that concern over labour issues eased significantly, mainly because of the effects of the economic recession. However, as labour markets tighten, concern about labour issues is starting to grow again.

In 2011, many respondents indicated they were concerned about the financial state of their business. The most frequently cited challenge in 2011 was increasing operational costs, with 60 per cent of businesses indicating that this was a significant business challenge, up from 56 per cent in 2009. Fewer

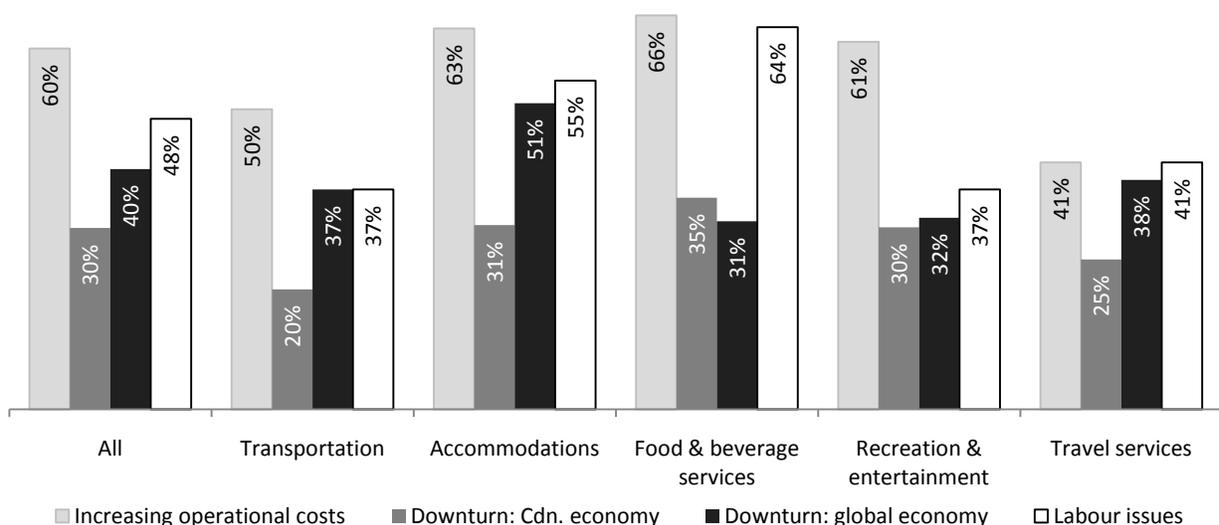
tourism businesses felt that the downturn in the global and Canadian economies was a significant impediment. The number of respondents concerned about the downturn in the global economy dropped from 53 per cent in 2009 to 40 per cent in 2011, while the drop in concern about the Canadian economy was even greater, falling from 56 per cent in 2009 to 30 per cent in 2011 (Chart A).

**Chart A: Significant Challenges Facing Tourism Businesses Today**



From an industry perspective, the results showed that certain impediments were having a greater impact on some industries than others. Increasing operational costs appeared to have the largest impact on food and beverage businesses, with 66 per cent of respondents in that industry citing it as their key challenge. At 64 per cent, the food and beverage industry also reported the highest incidence of labour challenges. On the other hand, respondents from the transportation and recreation and entertainment industries reported the lowest incidence of labour issues (Chart B).

**Chart B: Significant Challenges Facing Tourism Businesses Today, by Tourism Industry Group**



The respondents who felt labour issues were a significant impediment indicated that the most challenging issue was finding qualified and reliable staff. The second most challenging issue was high wage expectations among potential candidates. Difficulty in retaining qualified and reliable employees rounded out the top three. Evidence collected in the focus group supports these survey findings. Focus group participants stated that even in regions where potential labour was plentiful, finding reliable employees was difficult, and keeping them for any length of time was even harder.

When results were broken down by tourism industry, other concerns emerged. For transportation businesses, their inability to attract qualified employees because of a lack of resources (wages, housing, etc.) was the third most significant labour issue. Accommodation and travel service businesses were more concerned that young people lacked an interest in or awareness of jobs in the sector. Respondents from the food and beverage industry ranked difficulty in retaining qualified and reliable employees as their second greatest challenge, right below finding qualified and reliable employees. Not surprisingly, for recreation and entertainment businesses, the recruiting difficulty associated with the seasonal nature of their business was the second most significant labour challenge (behind finding qualified and reliable employees).

Survey respondents were asked which occupations in their respective industries were most affected by labour issues. As shown in table 22, respondents from the accommodation industry reported it was most difficult to hire housekeeping room attendants, while cooks were by far the most challenging for food and beverage service businesses. Respondents in the recreation and entertainment, travel services, and transportation industries reported that the most difficult occupations to fill were those considered outside of tourism—those that would fall into the “other” category. Based on the focus group discussions, these “other” positions would include professional and skilled technical positions.

**Table 22: Top Three Occupations Most Affected by Labour Issues, by Tourism Industry**

Industry Group	Occupation	% who experienced difficulty filling occupation
Food and beverage services	Cooks	79%
	Food and beverage servers	54%
	Food service attendants/kitchen helpers	51%
Accommodation	Housekeeping room attendants	66%
	Front desk clerks	55%
	Chefs/kitchen managers	46%
Recreation and entertainment	Other	60%
	Retail salespeople	37%
	Facility operation managers	36%
Transportation	Bus/subway drivers	73%
	Other occupations	27%
	Transportation managers	27%
Travel services	Other	50%
	Travel counsellor	43%

### Operating Performance in 2011 and Tourism Outlook

Tourism businesses were asked about their operating performance—specifically, whether revenues and staffing levels changed in 2011. As depicted in Chart C, of the 591 businesses that provided revenue responses, a slightly higher percentage (39 per cent) indicated their revenues had declined than the

percentage that indicated their revenues had increased (38 per cent), compared with 2010. The remaining 23 per cent indicated their 2011 business revenues neither increased nor decreased in comparison to 2010.

The travel services industry was the most positive about the revenue environment in 2011. Just over 71 per cent of respondents from that industry indicated their revenues had either increased or remained the same in 2011. However, of the 29 per cent of respondents who indicated that revenues declined in 2011, nearly 30 per cent stated revenues declined by more than 10 per cent.

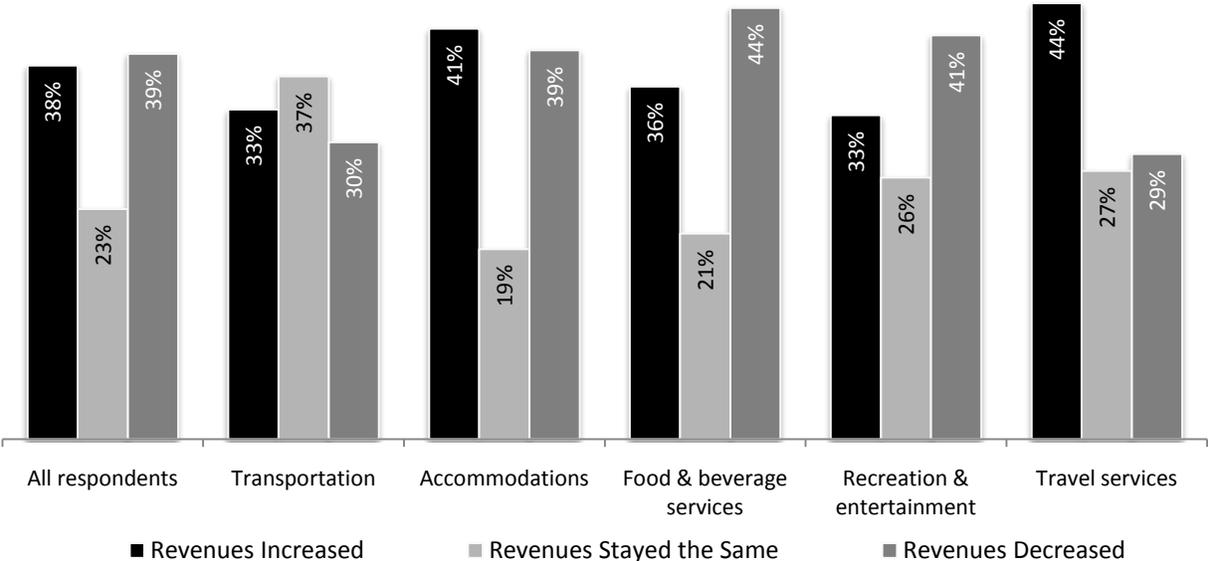
The transportation industry was more evenly split between those who had seen revenues increase (30 per cent), decrease (33 per cent), and stay the same (37 per cent). Of the respondents who saw revenues decline in 2011, just over 22 per cent indicated their revenues had decreased by more than 10 per cent.

Revenue responses among respondents in accommodation were perhaps the most volatile. Only 19 per cent of respondents had seen no change in revenues compared with 2010. The rest were split between an increase in revenues (39 per cent) and a decrease (42 per cent). Of those who saw revenues decrease, nearly half indicated their revenues dropped by more than 10 per cent.

The recreation and entertainment industry was also volatile. Four-in-ten respondents (41 per cent) reported a decline in revenues, while just over 59 per cent of respondents indicated their revenues had increased or remained the same.

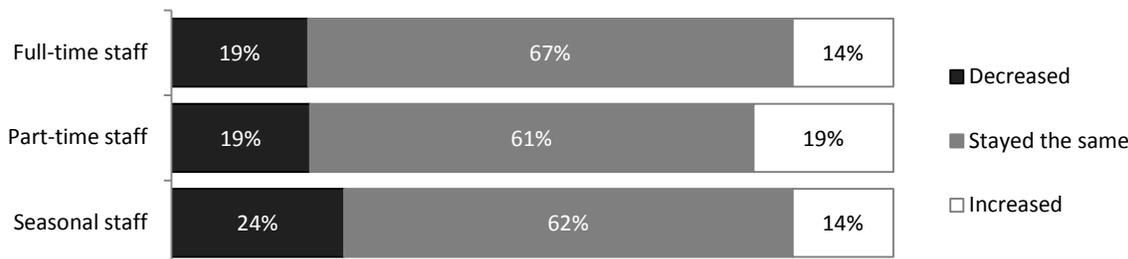
Of all the industry groups, food and beverage services had the greatest percentage of respondents who had seen their revenues drop in 2011 compared with the year before. In this industry, nearly 44 per cent of respondents indicated their revenues had decreased, and of these respondents, one-third (34 per cent) indicated that revenues declined by more than 10 per cent.

**Chart C: Changes in Revenues among Tourism Businesses in 2011, by Industry Group**

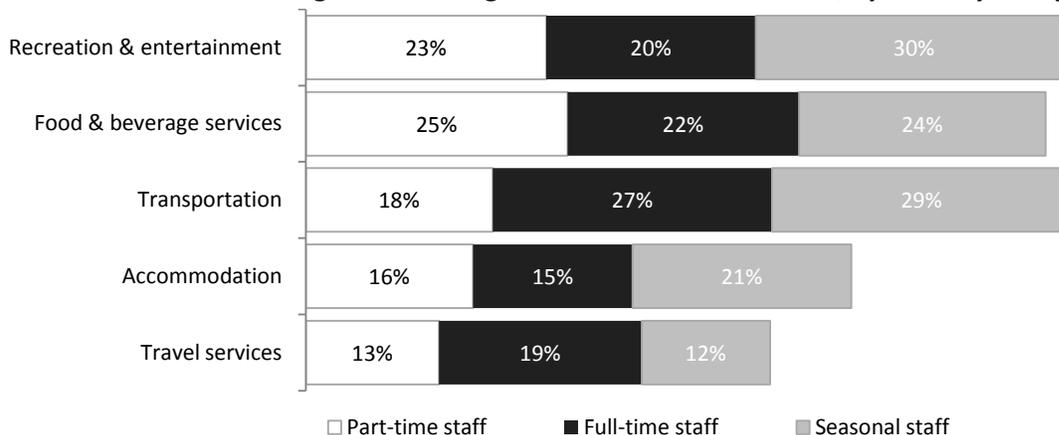


When asked if staffing levels at their businesses had changed in 2011 as compared to 2010, more than 60 per cent of respondents indicated that their levels had remained the same for each type of employee (Chart D). Of the remaining respondents, a higher proportion decreased the number of full-time and seasonal employees than those who increased staffing for these types of workers. The greatest reductions in part-time staffing occurred in the food and beverage services and recreation and entertainment industries (Chart E). Respondents from recreation and entertainment businesses also reported the largest decreases in seasonal staffing levels. Overall, accommodations and travel service businesses were the least likely to have decreased staffing levels in 2011.

**Chart D: Changes in Staffing Levels among Tourism Businesses in 2011, by Employee Type**



**Chart E: Decreases in Staffing Levels among Tourism Businesses in 2011, by Industry Group**



### Outlook for Local, Domestic, and International Tourism Markets

Respondents were also asked about their expectations for tourism demand over the next 12 months. Similar to the results seen in late 2009, the overall feeling was that of cautious optimism regarding local and domestic travel markets. Overall, roughly half of respondents expected domestic markets would remain stable and one-third expect that domestic demand would increase over the subsequent 12 months. However, the outlook for U.S. and overseas markets was even more subdued than it had been at the height of the recession. In aggregate, only 11 per cent of all respondents expected demand from the U.S. to increase over the coming year, and over half expected demand to drop. With the exception of travel services, respondents were also pessimistic about demand from other international markets as 39 per cent expected a decline from these areas. (See table 23).

**Table 23: Expected Change in Demand over the Next 12 Months, by Tourism Market**

	Growth	No change	Decline
Local market	41%	52%	7%
Domestic visitors	35%	50%	15%
U.S. visitors	11%	34%	55%
Other international visitors	20%	41%	39%

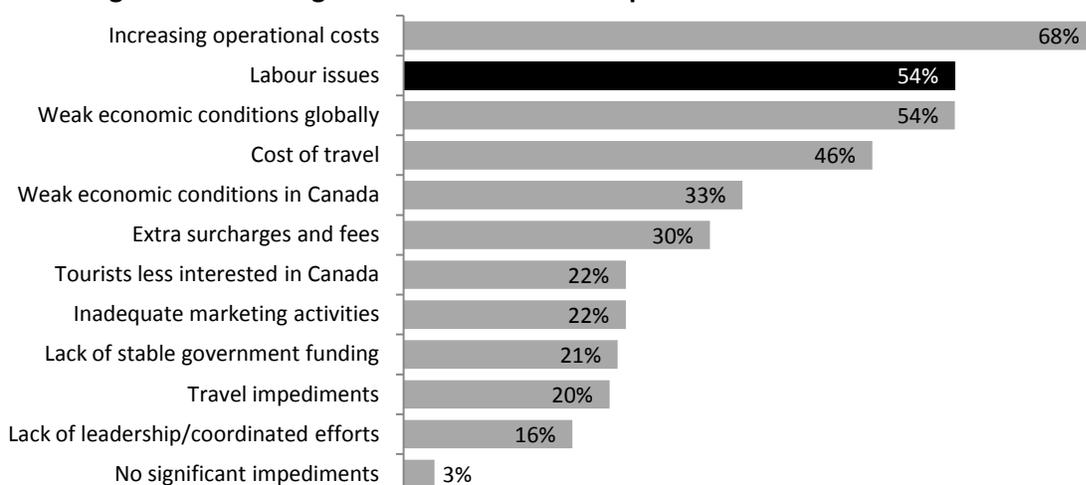
Respondents from tourism businesses with operations spread across the country tended to be more optimistic than regional operators in their expectations for the domestic market. Among national operators, 57 per cent of respondents expected domestic demand to increase over the next 12 months, compared with 33 per cent of regional respondents. National operators were also slightly less pessimistic with respect to demand from both the U.S. and overseas. Among respondents with national operations, 13 per cent expected demand from the U.S. market would increase, while 23 per cent expected demand from overseas market to increase over the next 12 months.

Respondents from Alberta, Saskatchewan, Manitoba, and Newfoundland and Labrador tended to be more optimistic than respondents from other regions. However, in most regions, a higher percentage of respondents expected demand from U.S. and overseas markets to decline rather than grow. This was in line with the findings of the focus groups as well. Overall, a relatively strong Canadian economy is likely buoying optimism about domestic markets, while the debt issues facing Europe and the less-than-stellar economic recovery seen south of the border are weakening expectations for growth.

**Labour Issues Expected to Increase as Tourism Demand Picks Up**

In general, survey respondents generally believe that labour issues will become more challenging over the next three to five years. Looking forward, 54 per cent of respondents expect labour issues to be a significant impediment, compared with 48 per cent who feel labour issues are currently a barrier. However, increasing operational costs remain greatest concern for tourism businesses, being cited by 68 per cent of respondents. Respondents were also concerned about the future of the global economy. Although only 40 per cent of respondents see it currently impeding their business, 54 per cent expect a weak global economy to impede their business over the next three to five years. (See Chart F).

**Chart F: Significant Challenges Tourism Businesses Expect to Face in Three to Five Years**



## **Regional Focus Groups – Summary of Key Findings**

Following are the key findings from the focus group consultations with stakeholders held across Canada in November 2011 to gather feedback about the performance of the tourism sector, specifically the degree to which labour demand and labour supply appear to be in balance or imbalance. Participants were presented with preliminary supply and demand projections for the sector, and discussions were held to assess the accuracy of these data, from the participants' perspective.

### **Tourism Sector Performance in 2011**

With the exception of regions where tourism demand was buoyed by natural resource extraction, in particular oil and gas, the message was clear that economic and financial concerns were weighing heavily on the sector's performance in 2011. In many ways, this was a continuation of the themes heard from focus group participants in 2009. Although the labour market is tighter than it was two years ago, most participants agreed it remained easier to recruit and retain staff than prior to the global recession of 2008–09.

During 2011, economic and financial concerns grew as new challenges emerged in the form of the European debt crisis and the stalled U.S. economic recovery. These concerns affected both domestic and inbound international tourism. In particular, tourism industries that rely heavily on discretionary spending—food and beverage services, accommodation, and recreation and entertainment—exhibited the weakest revenue growth during 2011. Other industries, such as transportation and travel services, were able to benefit from robust outbound travel demand that stemmed, in part, from the strong Canadian dollar.

In areas where natural-resource-based activity was expanding rapidly, like Alberta, Newfoundland and Labrador, Saskatchewan, and to a lesser extent Manitoba, the revenues for tourism sector businesses were boosted by heightened business travel activity and non-tourism demand supported by stronger economic prospects in the local area.

On the labour front, even in areas that did not benefit from natural-resource-based activity, many food and beverage occupations continued to present staffing challenges. Chefs, other kitchen workers, and entry-level counter staff were among the jobs that continued to be difficult to fill in 2011. Certain occupations specific to the accommodation industry, such as housekeeping room attendants, also remained challenging to fill. In areas with an expanding natural resource sector, the shortages in these occupations were more pronounced. In fact, in places like Calgary, AB and Thompson, MB, participants stated that they need to accept that certain positions are likely to remain unfilled. In areas still suffering from general economic weakness, shortages were not as problematic, but finding qualified and reliable staff remained a concern. Creating further difficulty for small business owners and managers trying to plan their staffing needs is a growing trend of last-minute bookings and walk-in business. This trend appears to be driven by lingering economic and financial concerns.

### ***Regional Perspective***

**British Columbia:** Many of the focus group participants from B.C. reported that revenues had not recovered from the global economic recession as much as had been expected. It was stated that the

drop-off in U.S. visitors has hit businesses hard, particularly in the B.C. Interior and on Vancouver Island. As well, the lift from hosting the Olympics was stated to have been less than expected. While some areas of B.C. did receive a temporary boost, it was suggested that the impacts were localized. In fact, participants were generally unanimous in stating that tourism demand throughout the province varied substantially from region to region over the past two years. They also noted that the average length of stay has declined and that spending has taken a hit as travellers were more actively seeking value in all their purchases.

In response to the weakness in revenues, most businesses said they had implemented wage freezes but had avoided laying off their full-time staff, and no one reported rolling back wages. Many participants noted that they had significantly reduced the number of hours offered to part-time workers. Some businesses mentioned that turnover had increased and that some positions, like housekeepers and back-of-the-house positions, remained difficult to fill.

**Prairie Provinces:** In the Prairies, responses about the performance of the tourism sector in 2011 were generally favourable, but varied by province and region. Albertan participants appeared to be the most optimistic about last year's rate of growth. Within Alberta, Calgary was reported to have outperformed other areas of the provinces, including Banff, Jasper and Edmonton. Meanwhile, participants from Manitoba reported that the extremely wet spring and early summer dampened growth, while the response in Saskatchewan was more mixed.

However, in all three Prairie Provinces, participants suggested that labour challenges were growing and, as a result, some positions were challenging to fill and, in some cases, remained unfilled.

Although the global recession hit Alberta's economy particularly hard, most participants reported solid growth in revenues and a considerable turnaround in labour market conditions over the past year. This was particularly true for Calgary, where a boom in corporate travel was more than making up for weakness in leisure travel. Respondents noted that tourism sector performance also expanded in Edmonton, Banff, and Jasper, but not to the same degree, because weakness in the U.S. market appeared to have a more noticeable impact outside Calgary.

In terms of attracting labour, many respondents had difficulties stemming from high turnover, poaching of employees by the oil and gas sector, and competition for labour from the provincial government. The occupations that were difficult to fill included culinary entry-level and management positions, as well as housekeepers, front-desk agents, and various supervisor positions. Filling technical positions such as plumbers and engineers was also reported to be difficult because of competition from the oil and gas sector.

A new challenge that participants discussed was the additional pressure social media places on workers. In particular, mistakes have the potential to be widely reported on and hurt a person's career, placing additional stress on workers. Participants also noted that recruiting for businesses in remote areas has remained difficult and that the seasonal nature of many tourism jobs poses additional challenges. To combat turnover, a few participants discussed innovative ways to retain seasonal staff. In one case, \$2,000 was available to allow employees to travel and learn twice a year. This benefit helped ensure that all staff returned.

Most participants in Saskatchewan reported that revenues grew 5 to 6 per cent in 2011, with even stronger growth in travel agency services because of a surge in outbound travel demand. As in Alberta, participants in Saskatchewan tended to suggest that the growth in corporate travel was greater than the growth in leisure travel during 2011.

In Saskatchewan, it was stated that the positions hardest to fill included cooks and waitresses. Many participants also suggested that turnover increased last year, and they tended to agree that labour challenges were even more acute in remote areas, stating that the difficulty in finding affordable housing in remote areas has grown even greater in recent years.

It was noted that seasonality has always been a challenge, but one participant said their company has been able to help meet its demand for seasonal labour by hiring semi-retired workers. For full-year positions, it was indicated that working with SaskJobs, through the Saskatchewan Immigrant Nominee Program, helped considerably to integrate immigrant workers from the Philippines. However, it was mentioned that the wages and salaries in the federal government's present Labour Market Opinion (LMO) criteria for housekeeping room attendants were not in line with the tourism sector's rates, because their salaries are compared to those of light-duty cleaners in the health care sector, which can afford to pay higher wages.

In Manitoba, feedback from focus group participants suggested that economic conditions in the province were solid, with expectations that growth would continue over the near term. The outlook was positive even though wet weather and flooding in the spring hurt some participants' revenues for the year and in spite of the feeling that the strong Canadian dollar was making domestic destinations less competitive and fuelling outbound travel.

While participants from Winnipeg tended to find enough applicants for positions, the quality of the candidates was lacking in many cases. Finding front-line staff to work evenings and weekends was particularly difficult. The lack of affordable housing and transportation in Winnipeg was also seen as a challenge in recruiting workers. Along with front-line staff, respondents also reported difficulties recruiting skilled trades people.

Outside Winnipeg, labour issues also appeared to be challenging. In addition to a lack of quality applicants, it was noted that even getting people to apply is difficult, a problem that is compounded by the seasonal nature of many rural businesses. One participant noted that their company could not hire foreign workers for a remote location because government officials used the unemployment rate of a nearby reserve to suggest that labour was available.

**Central Canada:** Participants in Ontario tended to be very pessimistic about the revenue growth experienced by their businesses in 2011, particularly those from Toronto and the resort areas between Toronto and Algonquin Park. In many cases, participants from those regions reported flat growth (or even declines) in accommodation revenues due to a combination of weak leisure demand, a lack of large conferences, and weakness in prices. In Ottawa, participants reported that government-related conference business was down but other group events were up slightly. Airport activity was also reported to be relatively weak in Ottawa, depressing revenue growth for car rental businesses.

Most participants in Ontario said they did not have a significant problem finding potential workers, but finding employees with appropriate skills was much more difficult. In particular, it was mentioned that while displaced manufacturing workers had expressed an interest in joining the tourism workforce, their lack of hospitality skills makes their transition difficult. As well, many participants stated that unrealistic expectations among younger workers, particularly with respect to advancement opportunities and hours, led to very high turnover rates. It was reported that food and beverage servers, food and beverage managers, assistant managers, and event assistants remained occupations that were difficult to fill.

Many also noted that the higher incidence of last-minute bookings made it difficult to plan staffing needs. Participants from resorts located outside urban areas continued to face challenges in recruiting seasonal staff because of their locations.

In Quebec, participants had observed a modest improvement in tourism demand since 2009 as an increase in visitors from Ontario and other domestic travellers compensated for the decline in U.S. visits. However, some participants observed that consumers have become more frugal, spending less during each visit.

When it comes to labour issues, participants from Quebec reported an acute shortage of qualified workers. Employers often had a small pool of applicants to select from. Even when the number of job applicants was adequate, the majority lacked certain necessary skills, such as the ability to communicate effectively in both official languages. The shortage was widespread across various occupations, but housekeepers and positions requiring specialized skills such as cooks and lifeguards were among the hardest to fill.

Turnover was a persistent problem especially among young workers. Participants reported that young workers were unwilling to commit to the workloads required of them, and many were thought to have unrealistic expectations about compensation and work hours. As in other regions of Canada, the seasonal nature of tourism was often mentioned as an impediment. In particular, the inability of businesses to guarantee sufficient hours year-round further exacerbated turnover.

**Atlantic Canada:** Among all the focus groups held in Atlantic Canada, participants in New Brunswick tended to be the most pessimistic about the performance of the tourism sector during 2011. Most participants reported that their businesses' revenues had declined in 2011, with accommodation and air travel most seriously impacted. Participants in the accommodation sector reported that with both occupancy and rates down but operating costs up, profitability took a big hit in 2011. A few participants noted that business travel was very weak with one participant stating that 2011 was the first year they could remember where companies were cancelling Christmas parties.

While it appeared that restaurants did slightly better, even promotions by independently owned restaurants aimed at the local market—like the “Chop, Chop” promotion that encouraged locals to enjoy foods prepared by resident chefs—had to lower prices dramatically to attract interest. Overall, participants stated that finding labour did not appear to be a problem in 2011. However, because of high turnover, specific occupations such as housekeepers and chefs remained difficult to fill. As a result of increases to the minimum wage, many participants stated the average hours available to staff had to

be reduced. Some participants mentioned that this had led to higher turnover rates as staff left to find more hours elsewhere.

In Nova Scotia, participants were also pessimistic about the performance of the tourism sector during 2011. They indicated that while other parts of the province (like the Bay of Fundy and Dartmouth) appeared to have fared a bit better, Halifax was hurt by weak leisure travel, in part because of the strong Canadian dollar and poor summer weather. One participant noted that the high Canadian dollar was likely driving many potential leisure travellers south, particularly those from Quebec. It was also noted that corporate travel was a bit stronger than leisure travel. Another suggested that they were starting to see a polarization in travel behaviour, where travellers “splurge” on one item (or service) but “skimp” or bypass other traditional accompanying items (or services)—the effect of which is an overall reduction in spending.

Overall, participants stated that most labour issues tended to be recurring challenges associated with seasonality, lack of transportation, lack of available child care, and the disincentives to work associated with employment insurance and other social assistance. As a solution to the seasonality problem, one participant said her company had made arrangements with educational institutions that allowed students to be available between the first week of May and October 15.

Participants in Prince Edward Island were less pessimistic than those in New Brunswick or Nova Scotia about the performance of their province’s tourism sector during 2011. Still, participants representing the accommodation industry and the recreation and entertainment industry noted that bad weather hurt revenues during the year. Participants also noted that Charlottetown and Summerside appeared to perform better than rural areas of the province.

Overall, participants stated that despite some significant employment changes within the tourism sector due to properties being purchased by newcomers, there had not been a significant labour shortage in 2011. A few participants indicated that an increase in the minimum wage forced them to cut positions and/or reduce staff hours, which, some suggested, may have led to increased turnover as employees left to find more hours elsewhere. Many participants noted that in order to receive sufficient hours, staff need to be versatile. While labour was sufficiently available for the most part, some occupations, such as housekeepers, were still difficult to fill. Participants from rural areas stated that transportation remains a key constraint to recruitment for a variety of positions.

Unlike the other Atlantic Provinces, in Newfoundland and Labrador, participants were positive about the performance of the tourism sector in 2011. While bad weather did soften leisure travel somewhat, participants suggested revenue growth was generally solid. Most participants noted that corporate travel was particularly strong. As a result of the strong demand, many participants did report staffing difficulties. For the most part, the challenges appeared to be related to the quality of the applicants rather than the quantity. In particular, participants noted that most applicants they see have frequently been “job hopping.” Participants mentioned that housekeepers, cooks, chefs, and food and beverage servers were among the occupations they found difficult to fill. One participant stated that retaining management was difficult, particularly for non-branded, independent hotels. However, another participant indicated that they have had successfully retained managers by undertaking considerable succession planning.

## **Tourism Revenue and Labour Market Outlook (2012 and Beyond)**

### ***Regional Perspective***

**British Columbia:** Participants in Vancouver were cautious in their outlook for revenue growth in 2012. The province's harmonized sales tax regime, minimum wage increases, and new liquor and driving laws were expected to weigh on the performance of tourism businesses in B.C. over the near term. Most participants expected that revenue growth would not keep pace with the growth in other operating costs, including labour.

To deal with expected labour shortages, many participants are cross-training staff to increase flexibility. One attendee noted that they would rather pay for two cooks to be on duty, than one cook and one dishwasher. This would enable them to meet demand for meal preparation during peak periods, while having one cook act as dishwasher when business is slow.

Another means of dealing with labour shortages are immigration programs such as the Temporary Foreign Worker (TFW) Program, run by Human Resources and Skill Development Canada and Citizenship and Immigration Canada, and the Provincial Nominee Program (PNP), which is run together with the provinces. While some attendees have been able to meet the demand for labour through these existing programs, concerns were expressed about their availability going forward.

Looking further ahead, tourism demand throughout the province was expected to improve gradually over the next several years, but participants commented that longer-term performance would likely vary across the different regions of the province.

**Prairie Provinces:** Participants in Alberta tended to anticipate that labour market tightness would increase over the short term. Considering the magnitude of the capital projects currently under way, participants expected corporate travel demand would continue to expand sharply over the next few years. As well, it was mentioned that growth in the Chinese tourism market could accelerate as a result of expansion of the airport in Calgary. Non-tourism spending would also be boosted as economic prospects continue to grow and the population expands. Participants believed growth in Edmonton and other parts of the province would expand sharply over the next few years.

While a number of Alberta participants stated they would like to hire more temporary foreign workers to fill current and future staffing gaps, concerns were expressed about their ability to do so. It was recognized that the federal government was unlikely to increase temporary foreign workers while unemployment in other provinces remains high. One respondent suggested that Alberta should consider having its own immigration policy. A few respondents suggested that there were challenges with the Temporary Foreign Worker Program, such as the inability to promote deserving foreign workers.

Participants in the Calgary focus group argued that employment seekers face less competition for positions in Alberta, allowing their career to advance faster than in other provinces. They felt this should be used to market Alberta to qualified employees elsewhere in Canada.

Focus group participants in both Saskatchewan and Manitoba were fairly optimistic about their growth prospects for 2012. However, most indicated they did not plan to increase their staffing levels over the short term. On the other hand, most participants agreed that labour shortages would become more

widespread as the demand for available workers grows among both tourism and non-tourism businesses. In Northern Manitoba, the mining sector is already a labour market competitor for tourism businesses. In Winnipeg, as more restaurants and the new Canadian Museum for Human Rights open up downtown, the supply of labour will tighten further. In this environment, participants expected that the ability to multi-task and manage hours will become even more important.

In Saskatchewan, participants believed that job-sharing and flexible schedules would be needed to help augment their province's labour needs in the coming years. Some participants saw potential in engaging workers from Aboriginal communities.

**Central Canada:** Participants in Toronto and other parts of Ontario were fairly pessimistic about their short-term outlook for revenues. In Toronto, attendees from the accommodation sector were particularly concerned about the impact downward price pressure due to new hotel supply would have on their bottom line. The outlook was further darkened because growth in convention business in Toronto and government business travel in Ottawa appeared to be soft going forward. Many participants noted that the pressure on price is expected to intensify further as more travellers look to negotiate last-minute deals. Participants from the resort areas outside Toronto expected the squeeze in revenues would lead to the closure of resort properties.

Most focus group participants did not plan to increase their salaried staff, except for some in Ottawa, who expect to increase their part-time or contract workers over the near term. However, going forward most also expect difficulty filling a number of positions. Some participants suggested that growing demand for health care would increase competition for labour from that sector. While this discussion tended to focus on housekeeping room attendants, this could affect other occupations, such as cooks and trades people. One participant suggested that the large brands with a unionized staff would have an advantage combating labour shortages because of their ability to relocate staff and the increased likelihood of employee advancement they can offer. Many mentioned the need for workers who could multi-task, thereby reducing overall staffing requirements.

Businesses in Quebec had a modest outlook for the province's tourism sector, and staffing needs were expected to rise accordingly. However, participants noted an increasing difficulty attracting qualified labour and, as a result, expected labour shortages to intensify.

To cope with difficulties recruiting employees, businesses have taken several measures that they plan to explore further, such as targeting semi-retired workers as a potential source of labour. Most businesses have experienced success with the semi-retired, finding them to be highly stable and dependable workers. However, others found they had unrealistic expectations about workload and the flexibility of hours. Businesses have also begun to coordinate with local organizations, school boards, and boards of trade to reach out to other segments of the population, such as students and new immigrants, with a certain degree of success. Despite these successes, participants expressed concerns that wages will inevitably be forced rise to resolve the labour shortage.

**Atlantic Canada:** Expectations for tourism in Atlantic Canada over the short and medium term were mixed. In both New Brunswick and Nova Scotia, some participants expected no growth before 2015 or 2016 because of general economic weakness, government cutbacks, and continued weakness in U.S. visits. In New Brunswick, participants expected to see stronger growth in the North Shore. One

participant noted that Moncton had undergone considerable change and was now much better poised for growth than in previous years. Regardless of the region, it was expected that housekeeper positions would remain difficult to fill.

In Nova Scotia, it was suggested that hotels rates would continue to be under pressure as new supply comes on stream. One participant from Cape Breton expected their performance over the coming years to be hurt by the short-term rental of condominiums that can outcompete on price because owners don't pay commercial taxes or commercial utility rates. It was suggested that business prospects in Halifax may improve when the new convention centre opens in 2015, but the trickle-down impact from the \$25-billion Canadian navy shipbuilding contract that was recently awarded to Halifax was met with less enthusiasm. While participants agreed that the shipbuilding activity could attract people to the region, it was felt that these new arrivals would not work in the tourism sector. In fact, it was stated that the shipbuilding activity would likely result in even greater competition for labour.

In Prince Edward Island, participants were neutral about the prospects for growth over the next few years. Growth in visits from the U.S. was expected to remain weak, further dampening the outlook for the province's tourism sector among focus group participants. While some participants acknowledged that the new convention centre could attract new visitors, others suggested it would only displace existing activity. On the labour front, most participants in P.E.I. expected widespread shortages, particularly in full-time positions that offer benefits and in back-of-the-room positions such as cooks. One participant noted that shift manager, associate manager, and even general manager positions would likely be difficult to fill, as these positions need to be staffed from inside the organization. It was also noted that because of the aging population, competition for labour from the health care sector will likely increase, particularly for housekeepers, cooks, maintenance workers and landscapers.

### **Summary of Focus Group Discussions (Tourism Revenue and Labour Market Challenges)**

For the most part, focus group participants across the country said leisure travel was weak during 2011. The high Canadian dollar was viewed as leading to greater outbound travel and less international and domestic travel within Canada. In some regions, growth in business travel appeared to more than make up for the weakness in leisure travel, but in others it did not. The areas with the strongest business travel demand were regions with booming natural resource industries such as Saskatchewan, Calgary, Kamloops, and St. John's.

On the labour front, most participants stated that finding qualified employees remained a challenge, especially for certain occupations. In some cases, it appears that even finding enough applicants was a challenge. Housekeeping room attendants, cooks, chefs, and other back-of-the-house positions were most commonly mentioned, but so were skilled trades people. In addition, many participants stated that high turnover rates were making it difficult to keep some entry-level jobs, like servers and kitchen helpers, fully staffed.

Across the country, labour issues were amplified in rural regions. While urban businesses reported difficulty finding qualified employees, they have been receiving applications for open positions. In rural areas, even finding applicants is a challenge because of the smaller labour force and seasonal business patterns. Regions with a strong natural resources sector, where demand is stronger and labour markets tighter, also reported difficulty finding applicants. Overall, the country appears more divided than it has

been during past focus groups sessions. In some regions, overall demand is quite strong; in others, it is quite weak. Yet in all regions, labour issues exist to some degree.

## Focus Group Content Analysis

In order to provide a unique and objective report on the 12 focus group discussions, a content analysis was conducted. To narrow the focus, the content analysis was limited to discussions on ways industry or government could help tourism businesses meet current and future labour challenges. To conduct the content analysis, 32 common themes were identified and categorized from the transcribed notes of the focus group discussions, and included initiatives that the government should lead, programs the government could improve, and initiatives, such as improved training, that need to be industry driven. To aid in the presentation of common themes, the 12 focus groups were divided into three groups representing distinct regions of the country: Eastern Canada (Atlantic Provinces), Central Canada (Ontario and Quebec), and Western Canada (the Prairies and B.C.). Four focus groups were held in each of these regions.

As seen in table 24, using the Temporary Foreign Worker Program to help tourism businesses meet current and future labour challenges was the most commonly discussed theme. However, most of the discussion focused on ways in which the program is currently ill-suited for tourism businesses. Although mentioned everywhere, the frequency in which the program was discussed increased from East to West. Training, both formal and informal, and the need to improve the image of tourism jobs and careers were the second and third most common themes.

Most mentions of training were related to its role in improving necessary skills, in increasing productivity, in investing in employees, and ultimately as an effective means to reduce turnover. In each region, training was consistently at, or near the top of the list of themes discussed, and ranged from the need for increased general employment skills training, like English as a second language, to specific occupational training such as that provided by the Tour Guide Training Corporation of Canada. Participants also mentioned various hospitality programs offered through colleges and universities, as well as the benefits of *emerit*® training materials, including front-line programs aimed at line cooks, housekeepers, and banquet servers, as well as managerial programs.

**Table 24: Top 20 Themes Discussed to Address Labour Challenges**

Topic/Theme	% of total mentions
Temporary Foreign Worker Program	14.4%
Training	12.9%
Improving image of tourism jobs	7.9%
Automation	6.5%
Immigration	6.5%
Semi-retired workers	6.4%
Reforming employment insurance	5.0%
Improving public transportation	4.3%
Involving employees in decision-making	3.6%
Opportunity to advance	2.9%
Employee recognition	2.9%
Flexible hours	2.2%
Tip sharing	2.2%
Internet/phone coverage in rural areas	2.2%
Health benefits	2.2%
Partnering with schools /organizations	2.2%
Telecommuting	1.4%
Advocacy	1.4%
Persons with disabilities	1.4%
Forum to share ideas	1.4%

While there was a great deal of consistency in the themes heard across the country, there were some differences in the degree to which certain topics resonated with particular audiences. In this respect, the content analysis is useful because it can convey the relative importance of different themes for focus group participants from various regions of the country. The following sections include graphical representations showing the prominence of the themes in each region. These are shown as standard “word clouds” that present the themes discussed in graduated sizes—with the largest size attached to the subject most frequently mentioned.

### Eastern Canada



In Eastern Canada, training was the most frequently discussed means of helping tourism businesses cope with labour challenges. Participants frequently commented that training not only improves the skills of workers but also helps them to feel more comfortable in their job. Furthermore, participants noted that the government had a role in providing training through the education system since the cost of training was significant for businesses. Reforming employment insurance and the need for employee recognition were also discussed during the focus

groups. It was also mentioned that involving employees in decision-making helped to engage workers, ensuring lower turnover during the tourism season. Meanwhile, the inability of tourism businesses to provide adequate or cost-effective health benefits was seen as a distinct drawback.

### Central Canada

In Central Canada, the Temporary Foreign Worker Program emerged as the top theme. Several participants from Ontario employed temporary foreign workers. However, they noted that many of these people prefer to work in provinces where it is easier to gain citizenship through the provincial nominee program. Perhaps not surprisingly, participants in Central Canada also identified closely with the theme of finding ways to more effectively tap into new immigrants and the semi-retired. Training was also frequently discussed. Re-training, in particular, was mentioned as a way to increase the integration of employees from other industries, while cross-training was seen as beneficial in providing part-time employees with more hours. Interestingly, workers’ inability to rely on public transportation came up often. While it was not surprising to hear that transportation challenges hinder the ability to recruit seasonal staff at resorts and recreational facilities outside major urban areas, transportation issues were also raised as a challenge within urban centres, particularly when it came to providing transportation late at night. Reducing the need for labour through automation was discussed, but it was viewed as applicable only at larger establishments and for production-oriented tasks.



## Western Canada



In Western Canada, discussion of the Temporary Foreign Worker Program as a means of helping tourism businesses meet current and future labour challenges was quite pronounced. Focus group participants tended to be quite familiar with the existing program, sharing their thoughts on its strengths, its weaknesses, and the likelihood of expanding or changing it in the future. Once again, training was a frequently discussed theme. Improving the image of tourism jobs and careers was discussed more frequently than in other parts of the country. In fact, it was frequently noted that the

industry needs to do a better job of convincing young people that tourism offers a viable career path with advancement opportunities. It was also stated that the sector needs to attract candidates from other parts of Canada where unemployment is high and competition for jobs fierce. The idea of tapping into the Aboriginal labour force was heard frequently in Western Canada. In addition, respondents in this region also mentioned the need to hire semi-retired workers and persons with disabilities.

## Priorities for Addressing the Looming Labour Shortage

While the tourism sector has only started to recover from the recession, and labour shortages are only starting to be seen in some occupations and regions, these shortages will become more widespread as labour markets continue to tighten. During the focus groups, participants were asked how they, the tourism sector, and government can best respond to the looming labour shortages. Since 2007, four series of focus groups have been held, and certain priorities for addressing labour shortages have been mentioned repeatedly. The following include issues from previous focus groups that were raised again in November 2011, such as tapping new and traditional labour pools, increasing productivity, enhancing the perceptions of tourism jobs, and advocating for change to government policies and programs.

### Increasing Labour Supply

One way the tourism sector can reduce the impact of labour shortages is to recruit employees from new labour pools, or to increase the attractiveness of tourism businesses for employees in traditional labour pools. Focus group participants were asked where they expected to find workers in the future, as the demand and competition 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 providing 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 than in

previous generations, many are likely to be interested in working part-time after they retire from their primary career, to stay active and engaged in the community.

Participants suggested that older workers would be well-suited for positions like front-desk clerks or tour guides. 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 that finding affordable health care coverage for these employees was very difficult for small businesses. A proposed solution would have insurance companies partner with provincial tourism associations so that member organizations could pool their risk and in return receive lower insurance rates.

An idea that was also previously identified as lacking by focus groups participants was job banks specifically for older and semi-retired workers. Fortunately, progress has been made in establishing online job banks and career resource centres geared to these groups. These included [www.retiredworker.ca](http://www.retiredworker.ca), [www.seniorsforjobs.com](http://www.seniorsforjobs.com), and [www.seniorsforhire.ca](http://www.seniorsforhire.ca).

- **New immigrants to Canada:** Although this labour pool is commonly assumed to be a viable option in only the largest urban areas in Canada, participants from smaller cities like Saskatoon, Regina, Winnipeg, Ottawa, Québec City, and Charlottetown acknowledged the strong 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 were generally quite positive about their experiences with hiring new immigrants to Canada. From the focus group discussion, it appeared that some of the best ways to facilitate the integration of new immigrants into the tourism labour force involved partnerships with multicultural associations, mentorships, working with provincial employment agencies, 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. However, most of the participants working for unbranded or independent businesses believe the inflexible and burdensome application process severely limits the program's potential for increasing the future supply of labour. This has been a perennial complaint of participants in past years. In the most recent focus groups, there was also widespread belief that given the high unemployment rates in many parts of the country, this program will likely not be expanded in areas where there are labour shortages, like Alberta and Saskatchewan.

In addition, the current framework of this program is not perceived as being particularly well-suited to the tourism sector, where many jobs are part-time or seasonal. As well, the national occupational classifications used by the program do not necessarily correspond with how employers classify their employees. It was also pointed out that the work done by the employee must match the initial job offering, which prevents the warranted promotion of workers. As a result, the promotion of less deserving candidates detracts from the temporary foreign worker's morale. Allowing more flexibility in the job descriptions and terms of employment was suggested numerous times.

- **Persons with disabilities:** More so than in the past, participants discussed persons with disabilities as a significant, yet largely untapped, labour pool. Like older workers, focus group participants suggested that many persons with disabilities were particularly well-suited for ambassador roles at tourism businesses. Participants in P.E.I. noted that while subsidies exist for hiring individuals with disabilities, the forms were time-consuming. In addition, the guidelines for many of the programs discussed were not felt to be particularly well-suited to the seasonal nature of the tourism sector.
- **Aboriginal communities:** Increasing the participation rate of Aboriginal people in the tourism sector workforce was discussed in Saskatchewan and Manitoba. Many believed this labour pool offered significant potential for growth. At the same time, participants noted the specific social and cultural sensitivities that need to be considered when hiring Aboriginal workers. As well, employers need to be aware of the difficulties potential employees encounter when transitioning from remote Aboriginal communities into cities.

### **Increasing the Productivity of the Labour Force**

In addition to seeking out new sources of labour to expand 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, most focus group participants from the accommodation industry and the recreation and entertainment industry remain reluctant to use technology that replaces human interaction, which they consider an essential element of the tourism experience.

Participants from the food and beverage services industry were the most enthusiastic about using technology to increase labour efficiency. A number of businesses mentioned the outsourcing of pre-prepared food for restaurants as a way to reduce in-house preparation time. Some participants also reported that new software was used to facilitate time management.

### **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 made by focus group participants in every region of Canada. Boosting the image and appeal of tourism jobs and careers is viewed as crucial to the sector's ability to recruit and retain workers over the long term. Participants 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 or a television ad campaign highlighting the benefits of a tourism career. Another frequent suggestion was the need to alter society's attitude toward tourism careers in general. Tourism careers are often viewed in a negative light, and this attitude can dissuade students from taking on jobs in the tourism sector.

- **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. One participant paid workers to travel and learn at the end of the season, as part of a retention strategy that had great results. Other participants reported great success improving employee satisfaction by allowing them to create their own schedules or contribute to the decision-making process. 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 referred to as the key to enhancing perceptions of tourism as a career, as workers can move up in an organization only if they have the skills to do so. Many participants noted a strong relationship between providing training and increased retention.
- **Expand the number of standardized certification programs or ratings:** Enhancing the sector's professional image through standardized certification programs was suggested, as was including the level of training employees receive in hotel rating systems. Participants felt this was a way to standardize the level of service received by guests and assure them of standard amenities. It was also felt that increased formal training and certification would help retain staff.
- **Create partnerships to share workers:** Over the years, many participants have suggested creating partnerships to share seasonal workers among tourism businesses. 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 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.

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 provide the equivalent of full-time hours, thus attracting those 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 worker exchange programs exist but could be further expanded.

### **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 that its strict terms of employment render it ill-suited for tourism businesses. Participants suggested that to better suit the tourism sector, the program's occupational classifications and contract specifications need to be more flexible. In fact, participants generally believed that the program should

be tailored for each industry. Improvements to this program could increase its potential to help fill future tourism 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, for the most part, viewed as a significant obstacle 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 by providing industry-specific language training, customer-service training, and other community resources. At the same time, businesses could be provided with more resources to help them work with new immigrants. Participants also cited the need for regulatory changes that would open up international immigration to workers who could help fill tourism occupations projected to see the most acute shortages.

### **Provide tax incentives for training**

Over the years, numerous participants have suggested that tax incentives or grants for training would be 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 make up the vast majority of tourism businesses in Canada—rarely have the resources for this.

### **Effective advocacy, marketing and communications efforts**

In some regions of Canada, participants viewed tourism promotion as the single most effective way for governments to 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. Participants noted the importance of provincial advertising campaigns and expressed a strong desire for provincial tourism organizations to tailor their marketing effort to each province's unique selling points. The resources devoted to advocacy were felt to be insufficient in many regions of the country. Although participants support tourism marketing efforts, they felt that the proportion of available resources devoted to marketing was too large, with few if any resources directed towards finding ways to alleviate the challenge of operating a tourism business. Furthermore, focus group participants continue to identify a need for more effective communication of existing programs and services to help tourism businesses hire and retain employees.

## **Survey of Non-Wage Determinants for Employee Retention and Recruitment**

The labour challenges facing tourism businesses can be partially relieved by making the sector more attractive as a place of employment and as a career choice. While the most common reaction, increasing wages to compete with other sectors is not the only option available for tourism organizations seeking to retain and attract employees. When workers are looking for employment or deciding whether to stay with an employer, they evaluate many non-wage benefits—some of which have been found to be more important than salaries and wages.

As part of this project, 1,000 Canadians were surveyed during December 2011 in order for the Conference Board to examine the non-wage related benefits that employed and unemployed Canadians value most. For employed Canadians, the survey focused on the non-wage benefits that were most important in staying with their current employer. Respondents who were not employed were asked to rank non-wage benefits in terms of their importance when seeking employment or when considering an offer of employment.

### **Summary of Findings for Employed Canadians**

The 752 respondents who were employed full-time or part-time or who had temporary or seasonal employment were asked to rate 23 non-wage benefits in terms of their importance in continuing to work for their current employer. A 10-point scale was used, where a “1” indicated the benefit was not at all important and a “10” meant the non-wage benefit was extremely important for the respondent in continuing to work for his or her current employer.

The survey results indicated that for Canadians who are currently employed, vacation time of more than two weeks, health and dental plans, and short- and long-term disability benefits are the most important non-wage benefits keeping them with their current employer. Therefore, employers looking to retain staff should carefully consider providing these highly rated benefits to employees if they are not already offered. Of least interest to employees in terms of staying with their current employer were benefits such as job sharing, tickets to events, and bus or subway passes. Efforts by employers to offer these benefits will likely have little effect on employee turnover rates.

The rating of the non-wage benefits was analyzed by income and age group, and the statistical significance of the ratings was measured using a chi-square test. Tables 25 and 26 show where there was a significant difference in how those in various income and age groups rated the 23 non-wage benefits. The statistical analysis suggests high-income employees (those with personal gross incomes of greater than \$100,000) tend to rate the non-wage benefits higher than employees in other income groups. Employees between 25 and 54 years old tend to rate the top six non-wage benefits higher than employees in other age groups.

**Table 25: Importance of Non-Wage Benefit in Staying With Employer—Employed Respondents by Income**

Non-wage benefit	Average rating (scale of 1–10)	% who have benefit already	Chi- square*	% who rated benefit from 8 to 10, by income level**		
				Low	Middle	High
Vacation of more than two weeks	8.39	76.6%	0.025	72%	78%	87%
Health/dental plans	8.23	67.3%	0.083	73%	78%	81%
Short-term disability	7.83	59.2%	0.039	63%	71%	76%
Long-term disability	7.79	60.0%	0.008	61%	71%	78%
Employee life insurance	7.41	64.5%	0.139	55%	62%	66%
Registered pension plan	7.40	51.7%	0.194	58%	66%	65%
Flex time/flexible hours	7.15	57.0%	0.861	58%	58%	62%
Formal professional development	6.53	48.0%	0.032	41%	54%	53%
Informal professional development	6.40	51.1%	0.166	40%	50%	49%
Group RRSP	5.94	30.5%	0.535	37%	41%	40%
Employee discounts/free services	5.80	38.6%	0.144	40%	33%	38%
Sales bonuses and/or commissions	5.26	23.5%	0.260	34%	31%	43%
Company car/mileage allowance	5.16	29.8%	0.044	25%	30%	39%
Profit-sharing plan	5.14	17.0%	0.001	24%	32%	44%
Maternity/parental leave	5.07	62.3%	0.577	36%	40%	32%
Cell phone/smart phone	4.86	23.5%	0.001	21%	27%	42%
Fitness club membership	4.80	16.1%	0.158	24%	28%	30%
Telecommuting/home-based work	4.79	25.7%	0.003	22%	27%	40%
On-site fitness centre	4.63	18.2%	0.474	20%	23%	25%
Association memberships	4.42	23.5%	0.003	15%	18%	31%
Job sharing	4.16	19.8%	0.306	17%	14%	16%
Tickets to events	4.12	15.8%	0.563	14%	13%	16%
Bus/subway pass	3.99	8.0%	0.005	25%	16%	14%

\*A chi-square of 0.05 or less means there was a significant difference between income groups and their rating of the benefit.

\*\*Low income was defined as personal gross income of less than \$55,000, middle income as \$55,000 to \$99,999, and high income as \$100,000 or greater.

**Table 26: Importance of Non-Wage Benefit in Staying With Current Employer—Employed Respondents by Age**

Non-wage benefit	Average rating (scale of 1–10)	% who rated benefit from 8 to 10, by age						Total
		18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+	
Vacation of more than two weeks	8.39	67%	80%	83%	83%	77%	65%	77%
Health/dental plans	8.23	75%	81%	79%	80%	74%	54%	76%
Short-term disability	7.83	57%	71%	71%	79%	72%	41%	68%
Long-term disability	7.79	58%	67%	70%	80%	71%	41%	67%
Employee life insurance	7.41	62%	57%	62%	62%	62%	44%	59%
Registered pension plan	7.40	57%	59%	71%	67%	60%	40%	61%
Flex time/flexible hours	7.15	69%	64%	58%	53%	55%	49%	58%
Formal professional development	6.53	45%	59%	55%	49%	38%	28%	48%
Informal professional development	6.40	43%	53%	50%	48%	35%	28%	45%
Group RRSP	5.94	42%	35%	49%	43%	37%	18%	39%
Employee discounts/free services	5.80	58%	36%	36%	40%	30%	21%	38%
Sales bonuses and/or commissions	5.26	47%	38%	35%	30%	32%	26%	35%
Company car/mileage allowance	5.16	35%	31%	25%	28%	32%	25%	29%
Profit-sharing plan	5.14	25%	31%	27%	36%	31%	26%	30%
Maternity/parental leave	5.07	50%	55%	45%	27%	16%	11%	36%
Cell phone/smart phone	4.86	30%	26%	27%	28%	23%	25%	26%
Fitness club membership	4.80	31%	33%	27%	29%	24%	9%	27%
Telecommuting/home-based work	4.79	20%	27%	30%	30%	21%	29%	26%
On-site fitness centre	4.63	28%	23%	27%	22%	19%	8%	22%
Association memberships	4.42	20%	22%	20%	19%	18%	8%	19%
Job sharing	4.16	16%	17%	15%	18%	17%	11%	16%
Tickets to events	4.12	23%	13%	15%	16%	11%	5%	14%
Bus/subway pass	3.99	37%	18%	20%	20%	10%	6%	19%

\*Note: The difference between age groups in how they rated the non-wage benefits was statistically significant at the 95 per cent confidence interval for all benefits except for company car/mileage allowance, which was significant at the 90 per cent confidence interval.

Given that the tourism sector employs a large proportion of young workers, employers seeking to retain workers aged 24 and under would best consider providing or enhancing health and dental plans, vacation time, and flexible hours. As shown in table 27, these three non-wage benefits were rated the highest among young Canadians who are currently working. Of least interest to these young workers were non-wage benefits such as job sharing and home-based work. Employers who offer and enhance the top-rated non-wage benefits should have greater success in reducing turnover rates for younger workers. Although the survey was limited to Canadians aged 18 and over, the results of respondents aged 18-24 serve as an approximation of the importance of non-wage benefits to workers aged 15-24.

**Table 27: Importance of Non-Wage Benefits in Staying With Current Employer**

(Average Ratings of Employed Respondents Aged 18–24\*)

Non-wage benefit	Average rating (out of 10)	Non-wage benefit	Average rating (out of 10)
Health/dental plans	8.23	Group RRSP	6.14
Vacation of more than two weeks	8.07	Company car/mileage allowance	5.84
Flex time/flexible hours	7.92	Cell phone/smart phone	5.44
Employee life insurance	7.53	Fitness club membership	5.41
Short-term disability	7.51	Profit-sharing plan	5.39
Long-term disability	7.42	Bus/subway pass	5.38
Registered pension plan	7.30	Tickets to events	5.16
Employee discounts/free services	7.27	On-site fitness centre	5.11
Formal professional development	6.64	Association memberships	4.90
Sales bonuses and/or commissions	6.62	Job sharing	4.77
Maternity/parental leave	6.61	Telecommuting/home-based work	4.27
Informal professional development	6.53		

\*Note: There were 118 respondents in the employed 18–24 age category.

**Summary of Findings for Not Employed Canadians**

In order to identify the non-wage benefits that employers may wish to consider when recruiting new employees, a separate set of questions was presented to Canadians who were unemployed at the time of the study. This allowed respondents to rank not only non-wage benefits but also the importance of having a competitive wage or salary. The survey sample for the “not employed” included Canadians looking for employment, self-employed individuals, students, and workers who were laid off from their most recent job. A total of 248 responses were received from this group.

To benchmark the relative importance of various non-wage benefits, the survey also asked about the importance of receiving a competitive wage or salary. Not surprisingly, this line of questioning revealed that a competitive wage or salary was most important. However, this was closely followed by health and dental plans. The respondents’ personal income produced no statistically significant difference in the rating for having a competitive wage or salary. In fact, among all the possible non-wage benefits probed, only two showed a statistically significant difference between income groups: bus or subway passes, and telecommuting/home-based work. In the case of bus or subway passes, lower-income, not employed Canadians tended to rate this item higher than not employed Canadians with higher personal gross incomes. In contrast, telecommuting/home-based work was rated much higher by unemployed Canadians with higher personal gross incomes than lower income unemployed Canadians. (See table 28).

**Table 28: Importance of a Competitive Wage/Salary and Various Non-Wage Benefits When Considering an Offer of Employment—Not-Employed Respondents by Income Group**

Competitive wages and various non-wage benefits	Average rating (scale of 1–10)	Chi-square*	% who rated benefit from 8 to 10, by income level**		
			Low	Middle	High
Competitive wage/salary	8.62	0.132	77.2%	84.6%	91.9%
Health/dental plans	8.26	0.179	71.6%	76.9%	73.0%
Opportunity for advancement	8.26	1.00	77.5%	76.9%	78.4%
Vacation of more than two weeks	7.54	0.33	55.9%	63.5%	70.3%
Short-term disability	7.33	0.617	53.9%	59.6%	64.9%
Long-term disability	7.24	0.683	52.9%	57.7%	54.1%
Profit-sharing plan	7.21	0.152	50.0%	55.8%	70.3%
Flex time/flexible hours	7.11	0.49	52.9%	42.3%	54.1%
Formal professional development	7.03	0.821	52.0%	51.9%	59.5%
Registered pension plan	6.94	0.282	57.8%	60.4%	43.2%
Informal professional development	6.86	0.549	45.1%	46.2%	56.8%
Employee life insurance	6.85	0.773	52.0%	55.8%	43.2%
Employee discounts/free services	6.84	0.260	56.3%	50.9%	43.2%
Sales bonuses and/or commissions	6.69	0.752	51.0%	60.4%	51.4%
Telecommuting/home-based work	6.11	0.026	29.4%	37.7%	59.5%
Group RRSP	6.02	0.892	39.2%	43.4%	35.1%
Company car/mileage allowance	5.77	0.205	26.5%	36.5%	29.7%
Cell phone/smart phone	5.68	0.622	30.4%	39.6%	43.2%
Bus/subway pass	4.69	0.015	29.1%	17.0%	10.8%
Job sharing	4.65	0.117	19.8%	9.6%	16.2%
On-site fitness centre	4.25	0.992	14.7%	15.4%	16.2%
Association memberships	4.17	0.715	12.7%	13.2%	5.4%
Fitness club membership	4.14	0.214	14.7%	20.8%	13.5%
Maternity / parental leave	3.91	0.08	28%	13%	14%
Tickets to events	3.74	0.286	13.7%	7.7%	8.1%

\*A chi-square of 0.05 or less means there was a significant difference between income groups and their rating of the benefit.

\*\*Low income was defined as personal gross income of less than \$55,000, middle income as \$55,000 to \$99,999, and high income as \$100,000 or greater.

With the exception of those aged 18 to 34, all age groups identified a competitive wage/salary as most important when considering an offer of employment. Of the non-wage benefits, not employed respondents selected health and dental plans and the opportunity for advancement as most important when considering an offer of employment. While employed Canadians ranked vacation time of more than two weeks as the most important non-wage benefit, unemployed Canadians ranked it third in importance (see table 29).

Of least importance were benefits such as fitness club memberships and tickets to events. Employers are unlikely to have much success in recruiting employees by featuring these benefits. Maternity and

parental leave also received a low ranking; however, it should be noted that respondents under 44 years of age ranked this benefit much higher than those over 45 years of age.

**Table 29: Importance of Competitive Wage/Salary and Various Non-Wage Benefits When Considering an Offer of Employment—Not-Employed Respondents by Age Group**

Competitive wages and various non-wage benefits	Average rating (scale of 1–10)	% who rated benefit from 8 to 10, by age						Total
		18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65+	
Competitive wage/salary	8.62	75%	67%	89%	87%	93%	78%	83%
Health/dental plans	8.26	88%	60%	77%	75%	90%	74%	77%
Opportunity for advancement	8.26	88%	73%	89%	87%	80%	50%	77%
Vacation of more than two weeks	7.54	56%	53%	63%	70%	74%	54%	63%
Short-term disability	7.33	44%	41%	62%	64%	75%	54%	59%
Long-term disability	7.24	47%	47%	57%	56%	73%	50%	56%
Profit-sharing plan	7.21	38%	43%	65%	67%	62%	53%	58%
Flex time/flexible hours	7.11	69%	62%	63%	46%	59%	37%	53%
Formal professional development	7.03	56%	50%	65%	50%	60%	47%	55%
Registered pension plan	6.94	75%	45%	60%	59%	68%	46%	57%
Informal professional development	6.86	67%	20%	66%	43%	48%	37%	46%
Employee life insurance	6.85	81%	47%	51%	55%	56%	48%	54%
Employee discounts/free services	6.84	75%	33%	60%	57%	62%	35%	52%
Sales bonuses and/or commissions	6.69	75%	41%	49%	54%	65%	50%	54%
Telecommuting/home-based work	6.11	25%	28%	35%	37%	56%	48%	40%
Group RRSP	6.02	40%	34%	38%	43%	50%	40%	41%
Company car/mileage allowance	5.77	38%	17%	21%	33%	38%	39%	31%
Cell phone/smart phone	5.68	47%	20%	40%	33%	40%	37%	36%
Bus/subway pass	4.69	56%	14%	21%	26%	30%	13%	24%
Job sharing	4.65	38%	14%	19%	22%	8%	15%	18%
On-site fitness centre	4.25	27%	10%	23%	15%	20%	9%	16%
Association memberships	4.17	25%	3%	15%	22%	8%	11%	14%
Fitness club membership	4.14	25%	13%	21%	19%	23%	9%	18%
Maternity/parental leave	3.90	38%	47%	25%	13%	15%	13%	22%
Tickets to events	3.70	31%	20%	13%	11%	5%	4%	12%

\*The difference between age groups in how they rated benefits was statistically significant at the 95% confidence interval for all benefits except for company car/mileage allowance, which was significant at the 90% confidence interval.

Not employed Canadians aged 18 to 24 rated opportunity for advancement, health/dental plans, and flex time/flexible hours higher than having a competitive wage/salary (see table 30). Employers looking to recruit staff aged 18 to 24 should recognize that money is not necessarily the most important consideration for this age group. Emphasizing advancement opportunities, health and dental plans, and

flexible hours rather than wages, salaries and other non-wage benefits will be beneficial when recruiting young workers.

**Table 30: Importance of Competitive Wage/Salary and Various Non-Wage Benefits When Considering an Offer of Employment—Not Employed Respondents Aged 18–24\***

Competitive wages and various non-wage benefits	Average rating (out of 10)	Competitive wages and various non-wage benefits	Average rating (out of 10)
Opportunity for advancement	8.8	Profit-sharing plan	6.9
Health/dental plans	8.7	Short-term disability	6.8
Flex time/flexible hours	8.5	Job sharing	6.7
Competitive wage/salary	8.4	Group RRSP	6.3
Employee discounts/free services	8.2	Cell phone/smart phone	6.2
Informal professional development	8.0	Company car/mileage allowance	6.1
Employee life insurance	8.0	Maternity/parental leave	6.1
Formal professional development	7.8	Tickets to events	6.1
Registered pension plan	7.8	Association memberships	5.9
Sales bonuses and/or commissions	7.7	Telecommuting/home-based work	5.9
Vacation of more than two weeks	7.3	Fitness club membership	5.5
Bus/subway pass	7.3	On-site fitness centre	5.4
Long-term disability	7.0		

\*Note: There were only 16 respondents in the not-employed 18–24 age category.

### The Effectiveness of Non-Wage Determinants to Increase Tourism Labour Supply

Tables 25 through 30 show the importance of specific benefits to Canadians—both employed and not employed. While this qualitative information is valuable, it does not provide a quantitative measure of the potential impact these benefits could have on increasing the supply of labour, particularly for tourism occupations. Such an estimate requires establishing a link between the benefits offered and their impact on retention and the attractiveness of tourism occupations.

In the survey of non-wage determinants, employed respondents were asked if they were actively looking for job opportunities outside their current place of employment. These same respondents also reported on the scope of benefits their current employer offered. To measure the impact of non-wage benefits on retention, this study explored whether the availability of various benefits affected the probability that employees were actively seeking work outside their current employment.

A logistic regression model was used to estimate the impact that various determinants had on preventing employees from actively seeking a job outside their current employment, as well as whether any key employee characteristics (such as gender or age) have a significant bearing on employee retention. The regression model generated odds ratios, which capture the effect each of the various determinants has on the likelihood that a given employee will choose to stay with the same employer, everything being held equal.

Overall, the modelling determined that the single most important factor in retaining employees was for an employer to provide them with the opportunity for advancement. By offering this benefit, the likelihood of retention increased by over 230 per cent. In fact, opportunity for advancement was even more crucial than offering a competitive wage, which increased the likelihood of retention by 82 per cent. Among other key non-wage determinants, offering employees either formal or informal training was found to increase the likelihood of retention by 79 per cent. Offering a vacation of more than two weeks was found to increase the likelihood of retention by 77 per cent. (See table 31).

Since the relatively limited sample size did not allow for all non-wage determinants to be assessed simultaneously, only those that stood out as significant were included in the model. In addition to these wage and non-wage determinants, a few key employee characteristics were found to have a significant bearing on the likelihood of staying in a job. These employee characteristics included gender, marital status, and age. (See table 31).

**Table 31: Impact of Benefits and Employee Characteristics on Employee Retention**

Factor (benefit, characteristic)	Odds ratio	% increase in retention
Opportunity for advancement	3.34	234%
Competitive wage	1.82	82%
Training (formal or informal)	1.79	79%
Vacation of more than two weeks	1.77	77%
Female employee	2.33	133%
Married employee	1.73	73%
Young employee (24 years old or less)	0.48	-52%

The modelling exercise focused on the impact of providing non-wage benefits on the available labour supply for employees 24 years of age and under. This particular group was chosen because it tends to staff entry-level tourism occupations. 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, as listed in Appendix B. These occupations exhibit the highest turnover rates and are expected to account for a large share of the expected labour shortage. In fact, of the 575,800 workers aged 15 to 24 in the tourism sector in 2010, 84 per cent worked in entry-level positions.

Of the potential projected labour shortfall of 114,000 jobs in 2020, it is estimated that over 80,000 would be concentrated in entry-level occupations, and 55 per cent of these (over 44,000 jobs) would typically be staffed by workers aged 15 to 24. Likewise, of the projected shortfall of 228,000 jobs in 2030, over 145,000 (64 per cent) would be concentrated in entry-level occupations. Of these, nearly 80,000 would typically be staffed by workers 15 to 24 years of age. See Table 32 for the breakdown by industry group.

**Table 32: Potential Labour Shortages in 2020 and 2030**

	2020			2030		
	Total labour shortage	Labour shortage for entry-level jobs	Labour shortage for entry-level jobs staffed by 15–24 year olds	Total labour shortage	Labour shortage for entry-level jobs	Labour shortage for entry-level jobs staffed by 15–24 year olds
Transportation	10,662	99	24	26,321	356	85
<i>Air transportation</i>	3,811	0	0	11,015	0	0
<i>Rail transportation</i>	172	0	0	242	0	0
<i>Other transportation</i>	6,679	99	24	15,064	356	85
Accommodation	9,868	4,258	1,502	25,585	10,266	3,903
Food & beverage services	76,498	68,301	38,694	136,719	117,597	66,695
Recreation & entertainment	20,027	7,874	4,149	45,743	17,205	9,154
Travel services	-2,643	0	0	-5,889	0	0
<b>TOTAL LABOUR SHORTAGE</b>	<b>114,413</b>	<b>80,533</b>	<b>44,369</b>	<b>228,479</b>	<b>145,424</b>	<b>79,836</b>

The potential impact on retention of increasing the coverage of non-wage benefits was estimated by incorporating the odds ratios from the regression analysis. For instance, if all young employees in the sample were provided with training, the opportunity to advance, and vacation time of more than two weeks, the proportion of them who would actively seek a job outside their current employment would drop by 51.9 per cent.

Given that such a dramatic improvement in benefits offered is unrealistic, the analysis also explored the potential impact of various targets. For instance, by increasing the number of employees who have training, the opportunity for advancement, and more than two weeks of vacation by 10 percentage points, the model suggests that companies could reduce the number of workers seeking other employment by 15.5 per cent. As shown in table 33, the projected number of workers seeking other employment decreases as the percentage of employees receiving benefits increases. For example, number of workers seeking other employment declines by 29.4 per cent when coverage is increased by 20 percentage points.

**Table 33: Impact of Increasing the Proportion of Employers Offering Training, Vacation Time of More Than Two Weeks, and the Opportunity for Advancement for Employees aged 15–24**

Scenario	Change in percentage of workers seeking other employment
Coverage increased by 5%	-8.0%
Coverage increased by 10%	-15.5%
Coverage increased by 20%	-29.4%
Coverage increased by 30%	-38.7%
Coverage increased to 100%	-51.9%

Because 85 per cent of the potential labour shortage is attributed to turnover, reducing these departures through increased retention could eliminate up to 85 per cent of the shortage among a given cohort of employees. Using the estimates above, if the share of employees aged 24 years and under in entry-level positions who received training, the opportunity to advance, and more than two weeks of vacation were to increase 10 percentage points by 2020, the shortage attributed to turnover among that group would be reduced by over 5,800 jobs, or 13.2 per cent (i.e. 85 per cent of 15.5 per cent). Similarly, if the share of employees receiving those three benefits were to increase by 20 percentage points by 2030, the shortage attributed to turnover could be reduced by almost 20,000 jobs, or 25 per cent (i.e. 85 per cent of 29.4 per cent). (See table 34).

The modelling exercise also explored the possibility that expanding the coverage of benefits could increase the attractiveness of jobs, all other factors being equal. Using the odds ratios, it was found that increasing the coverage of the previously identified benefits by 20 percentage points would lead to a 1.2 per cent increase the potential labour supply for tourism occupations from the employed labour force aged 15 to 24.

In addition, those aged 24 years and under who are currently not employed represent a large source of potential labour. In fact, by assuming that those who are not employed would respond to non-wage benefits in a similar manner as employed workers, it is estimated that increasing the coverage of the selected benefits by 20 percentage points would increase the number of not-employed workers attracted to tourism occupations by 4.6 per cent.

By combining the results for the employed and not-employed groups, it is estimated that by increasing the number of employees offered training, the opportunity to advance, and more than two weeks of vacation by 20 percentage points, the tourism sector could attract a further 1.4 per cent of the total (employed and not employed) 15 to 24 year-old labour force—this figure stems from a 1.2 per cent increase in workers from the employed labour force and a 4.6 per cent increase in workers from the not-employed labour force. This 1.4 per cent increase would equal 38,600 additional jobs in 2030, with 32,328 of those jobs being in entry-level positions. During the interim, if a 10 percentage point increase in benefit coverage was achieved by 2020, the analysis suggests the potential for a 0.7 per cent increase in the number of 15 to 24 year olds attracted to the tourism sector. This would amount to 18,400 additional jobs in 2020, with 15,410 in entry-level positions. (See table 34).

**Table 34: Effect of Increased Non-Wage Benefit Coverage on Labour Shortage in 2020 and 2030**  
(entry-level jobs staffed by workers aged 15-24 years)

	10% coverage of non-wage benefits (2020)	20% coverage of non-wage benefits (2030)
Base-case shortage	44,369	79,836
<i>Potential reduction in labour shortage (retention)</i>	-5,846	-19,951
<i>Potential reduction in labour shortage (attraction)</i>	-15,410	-32,328
<b><i>Impact on base-case shortage</i></b>	<b>-21,256</b>	<b>-52,279</b>
<b><i>Share of base-case shortage</i></b>	<b>47.9%</b>	<b>65.5%</b>
<b>TOTAL SHORTAGE</b>	<b>23,113</b>	<b>27,557</b>

Overall, by combining the impact of increasing retention and increasing the attraction of entry-level tourism occupations, the shortage associated with entry-level positions staffed by 15 to 24 year olds could be reduced by 47.9 per cent in 2020 (with a 10 percentage point increase in non-wage benefits) and 65.5 per cent in 2030 (with a 20 percentage point increase in non-wage benefits). (See table 35).

**Table 35: Impact of Increased Retention and Attraction Projected on Labour Gap, by Industry**

(associated with increasing benefit coverage on entry-level positions staffed by 15 to 24 year olds)

	2020			2030		
	Base-case shortage for entry-level jobs staffed by 15–24 year olds	Combined retention & attraction effect of a 10% increase in benefits	Potential reduction in labour shortage	Base-case shortage for entry-level jobs staffed by 15–24 year olds	Combined retention & attraction effect of a 20% increase in benefits	Potential reduction in labour shortage
Transportation	24	-11	47.9%	85	-56	65.5%
<i>Air transportation</i>	0	0	<i>n.a.</i>	0	0	<i>n.a.</i>
<i>Rail transportation</i>	0	0	<i>n.a.</i>	0	0	<i>n.a.</i>
<i>Other transportation</i>	24	-11	47.9%	85	-56	65.5%
Accommodation	1,502	-720	47.9%	3,903	-2,555	65.5%
Food & beverage services	38,694	-18,537	47.9%	66,695	-43,674	65.5%
Recreation & entertainment	4,149	-1,988	47.9%	9,154	-5,994	65.5%
Travel services	0	0	<i>n.a.</i>	0	0	<i>n.a.</i>
<b>TOTAL</b>	<b>44,369</b>	<b>-21,256</b>	<b>47.9%</b>	<b>79,836</b>	<b>-52,279</b>	<b>65.5%</b>

Specific non-wage benefits have a greater impact on specific subsets of the labour force. But overall, employees who are offered more than two weeks vacation, health/dental plans, and short- and long-term disability coverage are more likely to stay with their current employers. Alternately, employers who offer health and dental plans and the opportunity to advance, on top of a competitive wage or salary, will be more attractive to prospective workers.

Since a labour shortage of almost 80,000 jobs is expected among entry-level positions that would typically be staffed by 15 to 24 year olds, the benefits that attract that age group should be of particular interest to tourism businesses. The analysis suggests that non-wage benefits can potentially reduce the shortage in entry-level occupations typically staffed by 15 to 24 year olds by 65.5 per cent. In practical terms, it is unlikely that tourism businesses would provide additional benefit coverage exclusively to those in one age group. Hence, employers who expand these benefits are likely to experience increased retention and attraction in other age groups as well. Of course, prior to rolling out the additional coverage, the costs of providing these benefits will need to be carefully considered and weighed against other alternatives, such as increasing wages. Still, the analysis does suggest that businesses that compete on the basis of non-wage benefits can expect to see positive results. If financially feasible, offering select non-wage benefits has the potential to be part of an effective strategy in helping tourism businesses cope with labour shortages.

## **Methodology and Background**

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 major cities 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 involved 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 basis and on a city basis (with cities being defined according to Statistics Canada's census metropolitan areas).

#### **Data Sources**

Data for tourism sector employment were based on data published in Statistics Canada's Human Resource Module of the Tourism Satellite Account. This forecast used the most recent update of the module, released in June 2011, which includes data from 1997 to 2010.

The Human Resource Module includes data on the number of jobs in the tourism sector related to both tourism and non-tourism (local resident) activity. Since this project involved the entire tourism sector, regardless of whether demand arises from tourism or non-tourism activity, the employment data used was 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) 2002 to classify industries and National Occupational Classification—Statistics (NOC-S) 2006 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 is provided in appendices A and B.

The primary unit of measure for employment in the Human Resource Module is jobs. As a result, jobs were 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 has traditionally published data for Canada's tourism sector only at the national level. However, there have been two pilot projects for provinces in recent years—Ontario (2008) and Newfoundland and Labrador (2009). Based in part on the success of these pilot projects, work is currently underway to develop employment data by tourism industry and occupation across all provinces and territories. Preliminary summary tables that reveal aggregate employment data by tourism industry at the provincial and territorial level are available for 2010.

The preliminary provincial Human Resource Module data, however, do not reveal detailed employment by occupation. Therefore, the Conference Board's overall employment estimates broken down by industry and occupation were constrained to those of the national Human Resource Module data for 2010.

Without benchmarks to rely on, estimates for tourism employment at the city level, broken down by industry and occupation, were imputed by applying employment shares from published census data produced by Statistics Canada. Given that the detailed occupational data on a provincial and city basis were 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 provided a useful starting point to analyze labour shortages by province and city, by industry, and by occupation.

Data for the demand for tourism goods and services were 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 used a 2010 base year. Previous editions of *The Future of Canada's Tourism Sector* have used 2002 as a base year. As a result, direct comparisons between this report and previous reports are not possible.

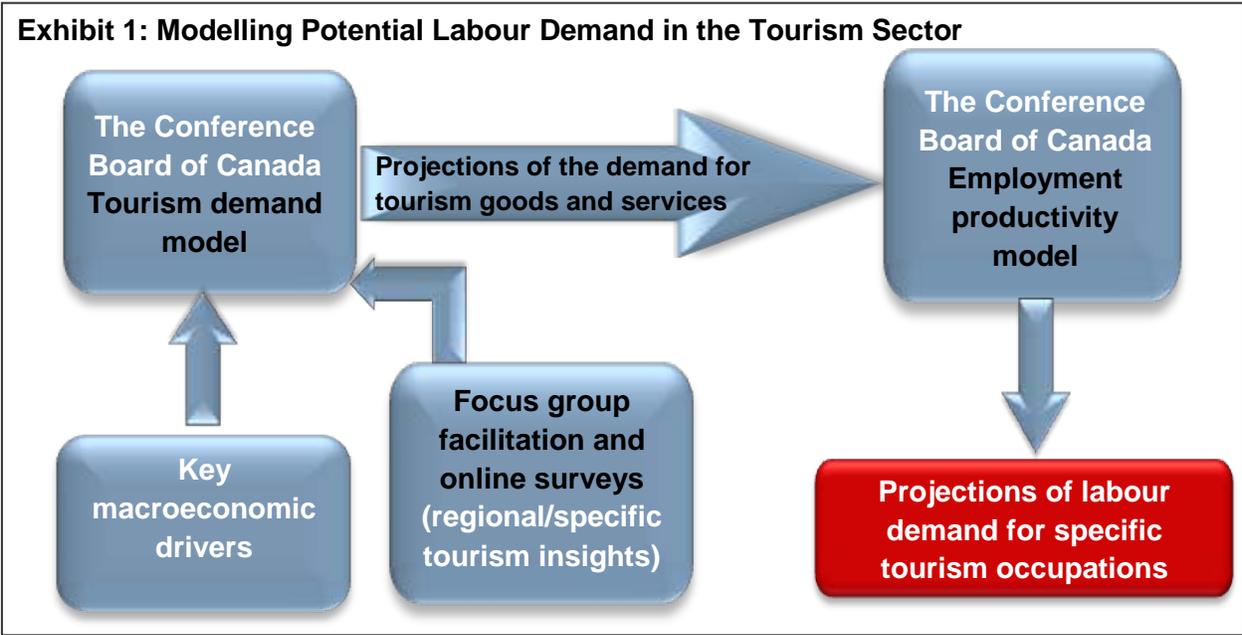
Since the National Tourism Indicators are also only available for Canada as a whole, proxy data for the demand for tourism goods and services by province and city, on an industry basis, were imputed. The last reference year for which the demand and supply of tourism goods and services are available on a provincial basis is 1998. These estimates are likely to be updated in the near term as part of the efforts to update Statistics Canada's Provincial and Territorial Tourism Satellite Accounts for Canada. However, for now, considering that these estimates are now over 10 years out of date, the Conference Board applied shares based on estimates of gross domestic product (GDP) at the provincial and city level. To be consistent, the aggregate data were constrained to the totals corresponding with the 2010 National Tourism Indicators by industry.

The starting point for determining labour demand in the tourism sector at the city level was to initially assume no labour gaps (shortages or surpluses) by setting labour demand equal to labour supply in 2010. The process used to determine 2010 estimates for labour supply at the city level is discussed under "Data Sources" in the section "Methodology Used to Forecast Labour Supply in the Tourism Sector."

However, in the final reporting of labour demand projections at the city level, it was necessary to consider the extent of provincial labour gaps that may have existed in 2010 and allocate a reasonable share to each city. The process used to determine reasonable city shares of labour gaps 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, city or industry. However, once again, the data generated by this approach provided a useful starting point for forecasting future growth in the demand for tourism, since the growth in demand for tourism goods and services 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 2010 may be only a secondary consideration.

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.



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 2011, 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 cities. Longer-term projections for cities were inferred from the observed historical relationships of the city 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 for census metropolitan areas in the Conference Board's *Metropolitan Outlook Winter 2012*. These results were then applied to estimate the relative long-term growth for the cities in 2017 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, the results of existing models were used as a baseline forecast of potential demand for tourism goods and services.

The baseline forecast of the demand for tourism goods and services was 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 were 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 city 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 city basis, although all provincial data were constrained to add up to the Canadian totals.

The tourism demand projections were 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 might need to be offset by weaker growth in expenditures on tourism goods and services.

However, the projections for tourism employment incorporated only the projected expenditures for tourism goods and services. Table 36 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 city.

**Table 36: Baseline Forecast of the Demand for Tourism Goods and Services in Canada**

(2010 \$ millions)

<b>CANADA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	80,112	87,851	96,653	106,125	116,768
<i>Air transportation</i>	15,311	18,711	22,338	26,624	31,673
<i>Rail transportation</i>	289	325	353	380	409
<i>Other transportation</i>	64,512	68,815	73,962	79,121	84,686
Accommodation	12,127	13,005	14,279	15,685	17,202
Food and beverage services	55,364	62,258	69,254	75,498	81,931
Recreation and entertainment	22,854	25,639	29,820	34,449	39,731
Travel services	3,515	3,613	3,579	3,513	3,442
Other tourism commodities	2,787	3,291	3,853	4,475	5,127
<b>DEMAND FOR TOURISM GOODS AND SERVICES</b>	<b>176,759</b>	<b>195,657</b>	<b>217,438</b>	<b>239,745</b>	<b>264,201</b>

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

### 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 2010, this share had increased to 52 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 (Table 37). 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.

**Table 37: Productivity Growth Assumptions for Canada's Tourism Sector**

<b>CANADA</b>	<b>2011–2015</b>	<b>2016–2020</b>	<b>2021–2025</b>	<b>2026–2030</b>
Transportation	0.1%	0.7%	0.6%	0.6%
<i>Air transportation</i>	2.0%	1.9%	1.6%	1.6%
<i>Rail transportation</i>	0.6%	-0.1%	0.0%	0.0%
<i>Other transportation</i>	-0.4%	0.3%	0.3%	0.3%
Accommodation	-0.5%	0.7%	0.6%	0.6%
Food and beverage services	0.3%	0.5%	0.4%	0.4%
Recreation and entertainment	1.1%	1.6%	1.6%	1.6%
Travel services	-1.0%	-0.7%	-0.7%	-0.7%
<b>TOTAL TOURISM SECTOR</b>	<b>0.2%</b>	<b>0.6%</b>	<b>0.7%</b>	<b>0.7%</b>

Productivity estimates through to 2030 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 2017 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'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 cities; however, the resulting potential demand for labour by province and industry was constrained to the Canadian total. Also, it should be noted that productivity gains by industry were assumed to follow similar trends for all the provinces and major cities. Granted, over short periods of time, some industries will likely achieve different productivity gains at the provincial or city level as a result of different demand and supply conditions. However, industries in the tourism sector are likely sufficiently

integrated across the country to ensure that trend productivity by industry is similar across provinces and cities.

The Conference Board of Canada's 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 for 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. (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.) 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 looked at the potential demand for goods and services in the tourism sector. Applying productivity to the potential demand for goods and services provided 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.

### **Forecasting Potential 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.

The 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 the baseline forecast for labour supply in the tourism sector, the likelihood of a person working in the tourism sector was applied to the available labour force at a given point in time.

### **Data Sources**

Data for the supply of labour were 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 published detailed occupational data in 2010 only for Canada as a whole, penetration rates by province and city had to be imputed. To do this, the Canadian shares of each occupation were calculated 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

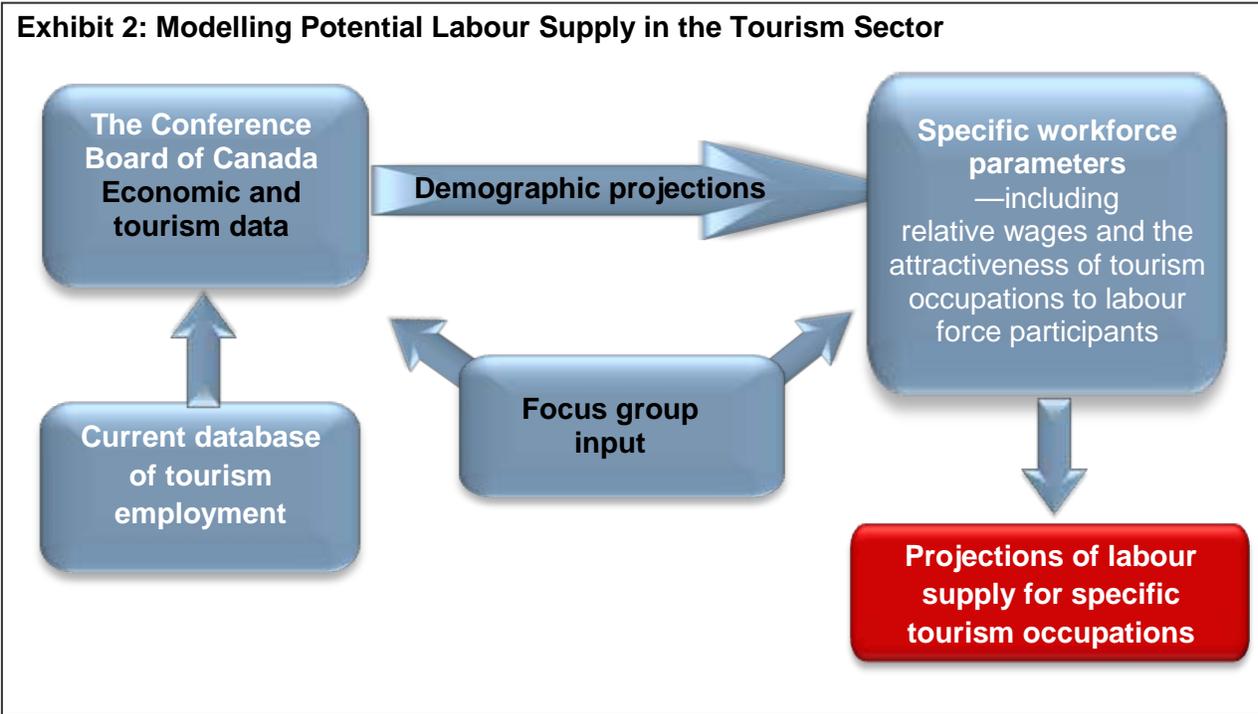
employment by industry in each province. The resulting employment figures by age, gender, and immigration status at the province level were then constrained to the corresponding national and provincial aggregates to ensure an internally consistent system.

City shares of provincial estimates were produced using the results of the 2006 Census. The relative share of each city 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 city. These were produced by calculating the national estimates of occupations by industry and by age category, and then multiplying them by the estimated provincial and city supply of labour as described above.

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

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



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.

### **1. 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 (22.5 per cent) will be 65 years or older, a significant increase from the 14.1 per cent share in 2010.

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 approximately 1.66 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 1.66 is insufficient to maintain the population through natural means. However, despite the flat fertility rate, the number of births will continue to rise throughout most of the forecast period 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.

Over the next two decades, life expectancy should continue to rise, assuming continued medical advances and economic prosperity. Nevertheless, as the population as a whole gets older, the death rate will increase—from around 7.2 deaths per 1,000 people in 2010 to 8 per 1,000 by 2030.

### **2. International Immigration to Canada**

Canada's low fertility rate will put downward pressure on Canadian population growth going forward. But it is assumed 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. 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 2009, these categories represented 60.9 per cent, 25.9 per cent, and 9.1 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 260,000 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 2010 and 2030, annual compound growth in the population is expected to remain relative stable at close to 1 per cent per year. Canada's population is expected to rise from 34.1 million in 2010 to 42.3 million by 2030.

### **3. 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 62.1 in 2010.

Because the baby-boom cohort is largest at the tail end, retirement will accelerate through most of the long-term forecast horizon—especially beyond 2012 when the cyclical effects of the recession are behind us. 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). Therefore, their retirement will have major consequences for Canada's job market—in particular, by limiting growth in the overall supply of labour.

The forecasts underlying the potential labour supply forecast were based on the Conference Board's assumptions about labour force participation. Detailed labour force participation rates by age and sex are outlined in Table 38. These were applied to the available source population to arrive at the forecast for the labour force.

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 higher 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.

**Table 38: Canadian Labour Force Participation Rates by Age and Sex**

(per cent of source population)

	1980		1990		2000		2010		2020		2030	
	Men	Women										
15–19	59	53	59	56	53	53	55	58	55	58	55	58
20–24	87	74	84	77	81	75	80	76	79	76	79	76
25–29	94	66	93	77	91	80	90	82	89	82	89	82
30–34	96	61	94	75	93	80	93	82	92	82	92	82
35–39	96	62	94	77	93	80	93	82	92	82	92	82
40–44	96	62	94	78	93	82	92	84	92	85	92	85
45–49	94	57	93	73	92	80	91	85	90	86	90	86
50–54	91	50	89	63	87	72	89	81	89	83	89	84
55–59	84	40	78	46	76	55	78	68	80	74	80	75
60–64	64	26	50	25	48	28	59	45	63	53	63	54
65–69	22	8	18	8	20	10	28	16	33	22	33	24
70+	8	2	7	2	7	2	9	4	11	6	11	6
15+	79	51	76	58	73	60	73	63	70	62	67	59

**Estimating Past Labour Shortages**

Estimating the extent of labour shortages (or surpluses) that existed in the tourism sector during 2010 provided a reasonable starting point from which to start the forecast. The difficulty in estimating shortages lies in the fact that only the transactions that take place in the marketplace can be observed. The corresponding data show “what happened” rather than “what could have happened.” Therefore, in the data, a shortage or surplus can never actually be observed. To derive the actual shortage (or surplus) in the market, the entire demand curve and the entire supply curve would need to be known. 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 labour shortages (or surpluses) in 2010 was based on the performance of the tourism sector and on recent productivity trends. The year 2003 was used 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, it was assumed that during 2003, it was unlikely the tourism sector was 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 the 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, the results of two approaches were combined to report on potential labour demand using the units “jobs.” Under the first approach, trend productivity gains by province were used to project employment levels based on potential revenues. Under the second approach, trend productivity gains by industry were used to assess the employment levels based on potential revenues. Over the historical period, where data from the Human Resource Module of the Tourism Satellite Account exist, each of the two approaches were compared against actual employment levels to

determine if potential labour demand exceeded employment levels. If so, it was assumed that labour shortages existed. If, on the other hand, actual employment levels exceeded potential labour demand, then it was assumed that the industry operated using more “jobs” than what demand would dictate. Hence, there was assumed to be a surplus of employment. The results from comparing each of the two potential labour demand projections against actual employment levels were then averaged to determine the preliminary estimates of labour shortages (or surpluses). The preliminary estimates were then adjusted using input from the focus group to arrive at final estimates 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 gaps that were felt at the city level in 2010 was to first consider the absolute share of provincial labour supply that existed in each of the cities. Aside from absolute size of the tourism industry at the city level, another influence to consider was the relative growth in tourism demand experienced between 2003 and 2010, on an industry basis, in the city and 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 cities.

### **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.

The methodology used to forecast potential labour supply for the tourism sector incorporated the likelihood that tourism occupations appeal to potential labour force participants and applied this likelihood to the available labour force at different points in the future. To do so, penetration rates (the number of people working relative to the labour force) by occupation, age, sex, and immigrant status<sup>1</sup> were calculated for the year 2010. These penetration rates were then maintained throughout the forecast, with the likelihood of working in the tourism sector set to equal those rates. This provided a baseline forecast of potential labour supply by province and industry.

---

<sup>1</sup> To calculate the penetration rate by immigrant status, a quasi immigrant labour force was calculated based on the latest census data and Canadian participation rates. This labour force was then forecast using the same demographic parameters as the overall Canadian population.

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

Baseline projections assumed 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 provided 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. 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 2011 update of the long-term tourism labour supply and demand model, developed by The Conference Board of Canada. During the previous update, the Conference Board determined that the potential labour shortage could reach 218,800 jobs by 2025. The 2012 update suggests the potential labour shortage could reach a slightly more modest 174,500 jobs by 2025, and that it would take until 2029 or 2030 to reach the shortage projected in 2010. There are a few key reasons for the lower potential long-term labour shortages in the latest study.

One reason is related to the core data used in the analysis to depict the demographic make-up of the tourism labour force. In the 2010 analysis, the core data came from Statistics Canada's Human Resource Module of the Tourism Satellite Account from 2007. In this year's update, the core data came from the 2010 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. In addition, there were revisions to the data that tended to lower previous estimates. In aggregate, overall employment in the tourism sector was lowered from 1.65 million to 1.59 million in 2007, a difference of about 59,000 full-year jobs.

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. While the previous (2010) update considered the effects of the global economic recession in 2008–2009, it tended to have slightly stronger short-term economic growth 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. Similarly, the current outlook calling for a prolonged period of economic weakness also affected the projections for tourism labour supply over the short term. In particular, retirement plans for some Canadians have been delayed, resulting in higher labour force participation rates.

## **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 provided 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 provided a useful guide for discussing potential labour shortages facing the tourism sector over the next 15 to 20 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, industry sectors and occupations where significant discrepancies exist between the projections for potential labour demand and potential labour supply were identified. Then, the adjustment process that takes place between labour supply and labour demand to eliminate some of those discrepancies was modelled. 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 the expected equilibrium level of employment 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. Therefore, elasticity was estimated. 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, the elasticity of the labour supply was estimated 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 were imputed from data published by Statistics Canada's input-output tables and its Financial and Taxation Statistics for Enterprises.

Finally, on the demand side, data from the National Tourism Indicators were used to estimate the elasticity of demand with respect to price for each industry. This provided an indication of how much demand for tourism goods and services would fall, given an increase in prices. Specifically, structural regressions were run 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 productivity assumptions, the reduction in labour demand brought about by the increase in wages was calculated.<sup>2</sup>

The parameters estimated on an industry basis for Canada were applied to each province. The model for each occupation in each province was then solved 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.<sup>3</sup> The equilibrium results were then aggregated to their corresponding industries and for Canada as a whole.

### **Methodology Used to Determine Turnover and Attrition Rates**

This update of the Tourism Labour Supply and Demand Study projects the number of job openings that could arise in the tourism sector between 2010 and 2030. To do this, the analysis considered the turnover rate as well as the attrition rate of tourism occupations. Turnover was based on the average duration of employment, while the attrition rate was calculated by adding the retirement rate and the death rate for each occupation.

Meanwhile, the number of job openings attributed to expansion demand assumed that those positions were not previously filled and, hence, could be considered net "new" jobs created as the overall size of the tourism sector expands. Accordingly, the calculation of expansion demand was simply the change in the aggregate number of jobs demanded at different points in time.

---

<sup>2</sup> Raising wages would be accompanied by an increase in productivity. However, given that the forecast already included significant increases in productivity as a result of the labour shortage, the second-round effects of increased wages on productivity were not modelled.

<sup>3</sup> Some occupations, such as cooks, appear in more than one industry category. In those cases, the market adjustment process was modelled 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.

## Turnover Rates

The calculation of turnover was based on the average tenure of employment reported by Statistics Canada's Labour Force Survey and annual averages for 2010 for specific National Occupation Classifications (NOC-S). While the level of detail provided by occupation in Statistics Canada's Human Resource Module of the Tourism Satellite Account is available at the 4-digit level, much of the average tenure data from the Labour Force Survey is only available at the more aggregate 2 or 3 digit level. In this sense, the estimates of turnover should be viewed as a rough guide, with some occupations experiencing higher or lower actual turnover rates. In aggregate, it is likely that the reported turnover within a particular industry or sector will be closer to actuality than that depicted for any individual occupation. (See table 39).

**Table 39: Average Duration of Employment by Selected Occupational Categories, 2010**

Occupation category (NOC-S)	Average tenure # months	Turnover rate (in 5 years)
Management occupations [ A ]	132.7	45%
Business, finance, and administrative occupations [ B ]	108	56%
Natural and applied sciences and related occupations [ C ]	97.1	62%
Health occupations [ D ]	121.4	49%
Occupations in social science, education, government service, and religion [ E ]	109	55%
Occupations in art, culture, recreation, and sport [ F ]	97.5	62%
Sales and service occupations [ G ] <sup>6</sup>	71.7	84%
Retail salespersons, sales clerks, cashiers, including retail trade supervisors [ G011 , G2-G3 ]	55.9	107%
Chefs and cooks, and occupations in food and beverage service, including supervisors [ G012 , G4-G5 ]	49.9	120%
Sales and service occupations not elsewhere classified, including occupations in travel and accommodation, attendants in recreation and sport as well as supervisors [ G013-G016 , G7 , G9 ]	71.1	84%
Trades, transport, and equipment operators and related occupations [ H ]	102.1	59%
Occupations unique to primary industry [ I ]	154.6	39%
Occupations unique to processing, manufacturing, and utilities [ J ]	116.9	51%

## Attrition Rates

The calculation of attrition rates involved making assumptions about the likelihood that an individual would retire within the next five years. Table 36 shows the likelihood that someone currently working in the tourism sector will retire or die in the next five years. These rates were assumed to be relatively constant over the next 15 to 20 years. While Statistics Canada's Human Resource Module of the Tourism Satellite Account provides the most accurate depiction of employment in the tourism sector, the age breakdown for older workers (45+) is too broad to accurately represent the share that will retire or die over five-year periods. Hence, the actual attrition rates calculated for each tourism occupation were derived by using the age breakdowns from the 2006 Census data, as shown in Table 40.

**Table 40: Probability of Retiring or Dying in the Next Five Years**  
(per cent of employees by age)

Age	Retiring	Dying
45–54	5%	0.3%
55–64	30%	0.7%
65–74	75%	1.6%
75+	90%	4.4%

### Methodology Used to Generate Alternative Forecast Scenarios

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

The first scenario examined the impact of achieving the \$100-billion revenue target for tourism in 2015, established by Canada’s Federal Tourism Strategy. The second scenario examined the impact of an escalation in the current sovereign debt crisis.

### The Impact of Achieving Federal Tourism Strategy \$100 billion Target by 2015

The first step in examining the potential impact of achieving \$100 billion in tourism revenues by 2015 was to put this revenue target in the context of the base-case projection. To do this, the base-case forecast of tourism demand was converted from constant (or inflation-adjusted) dollars into current dollars. This involved multiplying the base-case tourism demand projections in constant dollars by appropriate price deflators. The deflators shown in Table 41 were calculated based on econometric regressions used in the tourism labour supply and demand model. Multiplying the base-case constant dollar tourism demand projections by the current price deflators showed that the base-case projection suggests tourism demand would amount to \$96.3 billion **in current dollars** by 2015.

**Table 41: Price Deflator for Tourism Demand**  
(2010 = 1.0)

	2010	2011	2012	2013	2014	2015
Air transportation	1.000	1.080	1.120	1.150	1.170	1.190
Rail transportation	1.000	1.060	1.070	1.090	1.100	1.120
Other transportation	1.000	1.130	1.130	1.160	1.190	1.220
Accommodation	1.000	1.010	1.020	1.040	1.050	1.070
Food and beverage services	1.000	1.030	1.050	1.080	1.100	1.130
Recreation and entertainment	1.000	1.040	1.060	1.080	1.110	1.130
Travel services	1.000	1.030	1.050	1.080	1.100	1.130
Other services	1.000	0.990	0.990	0.990	0.990	0.990
Other commodities	1.000	1.010	1.030	1.040	1.050	1.060

Therefore, the base-case forecast is \$3.68 billion or 3.8 per cent less than the \$100-billion target established in the Federal Tourism Strategy. Compared with the base case, it was assumed that the increase in tourism demand necessary to achieve the Federal Tourism Strategy target would come equally from both domestic and foreign tourism demand. For each, the scenario assumed that growth by 2015 would be 3.8 per cent higher than in the base case. It was also assumed that achieving the Federal Tourism Strategy target of \$100 billion in revenues would not change the level of non-tourism demand or result in any change in prices (relative to the base case). Overall, meeting the \$100-billion tourism demand target implies that aggregate revenues for the tourism sector would increase 1.5 per cent over the base case, given that non-tourism demand would not be affected.

It was also assumed that achieving the Federal Tourism Strategy target for tourism revenues would not change labour productivity. As a result, from an industry perspective, any increase in labour demand associated with meeting the Federal Tourism Strategy target would correspond with the rate of increase in revenues. Any differences revealed in the growth of labour demand, relative to revenue growth, would be related to the different relative weights of industries for labour demand and tourism revenues. The analysis found that achieving the Federal Tourism Strategy target would increase labour demand by 23,842 jobs, thereby increasing the overall labour shortage in the tourism sector from 47,775 jobs under the base case to 71,616 under this scenario.

### **The Impact of a More Disruptive Resolution to the European Debt Crisis**

The second scenario examined the impact of an escalation to the current European sovereign debt crisis. While the base case assumed an orderly resolution to the debt crisis, the alternative scenario assumed the debt crisis will escalate and pose the risk of another global recession in 2012–2013. Since The Conference Board of Canada had not conducted a comprehensive economic forecast considering this situation, the economic consequences associated with this scenario were guided by the United Nations' recently released *World Economic Situation and Prospects 2012* report. That report specifically details the economic ramifications associated with a “downside scenario” that corresponds closely to the situation depicted.

The downside risk depicted in the U.N. report focuses on two main areas of disruption. The first is specifically tied to the European debt crisis. Under this scenario, efforts to tackle the European debt crisis fall short, resulting in a number of sovereign defaults, putting many large European banks on the verge of bankruptcy, and triggering another worldwide credit crunch. These events would lead to recession, not only in those economies under sovereign debt distress, but also in all other major economies in the euro area.

The other concern considered in the downside scenario, as outlined in the U.N. report, is the additional disruption that would be caused by dramatic austerity measures initiated on the part of the U.S. government as a result of budget squabbles. Under this scenario, unemployment would rise, depressing consumer and business confidence. Along with the challenges posed from Europe, this would also place a heavy strain on the banking sector and propel the U.S. back into recession.

Accordingly, the downside scenario depicted in the United Nations' *World Economic Situation and Prospects 2012* report suggests that real economic growth in the European Union and the U.S. in 2012

would decline by 1.6 per cent and 0.8 per cent, respectively. Overall, world economic growth in 2012 and 2013 is expected to slow from 2.6 per cent and 3.2 per cent under the base case, to 0.5 per cent and 2.2 per cent, respectively.

Although the downside risk scenario reported in the United Nations Report is detailed, it still does not provide enough details to simulate a tourism forecast model. To do that, various assumptions were made about what the impact would be to other key variables in the model, such as disposable income growth, employment, oil prices, inflation, and exchange rates.

To quantify the impact that the downside scenario could have on these other measures, it was important to find other studies that provided some “rules of thumb.” In particular, a report produced by Statistics Canada called *Measurement of Real Income in the System of National Accounts: An Application to North American Economies* shows that real GDP growth and real income growth in North America tend to track closely to one another over time because changes in production are the primary source of real income growth. However, the report notes that changes in relative prices and changes in current account activity can distort the connection. In particular, the Canadian recession from 1990–91 appears deeper and the recovery appears stronger by looking at real income changes rather than real GDP. This reinforces the notion that changes in relative prices and international income flows augment the business cycle.

In this regard, this study took a relatively conservative view when capturing the impact of the downside scenario across other economic indicators. In particular, it was assumed that real disposable income would be affected to the same degree as real GDP.

While Canada was not specifically singled out in the U.N. report, “other developed countries” were used to approximate the impact of the downside scenario to the Canadian economy—namely, that the downside scenario would result in a 2 percentage point hit in GDP growth in 2012 and a 0.7 per cent hit in 2013, compared with the base-case scenario. Considering that both Europe and the U.S. were each at the root of the downside risk, it was also assumed that the value of the Canadian dollar would not change significantly compared to other major currencies. Erring on the side of prudence, it was also assumed that oil prices would not change significantly as a result of the downside scenario. (Modelling a change in oil prices as a result of the downside scenario would require developing many more assumptions to reasonably understand the scenario’s impact against the base-case economic forecast for Canada.)

Considering that the downside scenario is likely to reduce global consumer confidence, the implementation of the downside scenario also included altering the path of recovery expected under the base case for consumer confidence in Canada and in Canada’s major source travel markets. The degree to which consumer confidence was altered was guided by the rate to which confidence declined in 2009. In particular, the change in consumer confidence relative to the change in GDP growth was examined. Considering that the impact on GDP under the downside scenario is expected to be more modest than during the 2009 global recession, the impact on consumer confidence will also be less

affected. Still, with consumer confidence remaining persistently weak in many countries, any further downgrades to confidence could reduce levels to the lows witnessed during 2009 or worse.

By incorporating the effect of the downside scenario on the various inputs used by the tourism forecast model—namely, the country-specific economic indicators and consumer confidence levels—the model produced outputs suggesting that total tourism and non-tourism demand would be over \$5 billion or 2.4 per cent lower than under the base case by 2015. The degree to which the downside scenario is projected to reduce the revenues of the tourism sector depends on the extent to which each related industry relies on domestic and foreign tourism demand and non-tourism demand for its revenues. As stated earlier, the impact of the downside scenario is projected to be larger on tourism demand than non-tourism demand, and the impact on foreign tourism demand is projected to be larger than for domestic tourism demand.

As a result, the model suggests that the revenues of the rail transportation and accommodation industries would suffer the most under the downside scenario. Maintaining the proportional revenue impact of the downside scenario on potential labour demand suggests that it would be 2.6 per cent lower in 2015 than in the base case. Specifically, the downside scenario results in 46,107 fewer jobs demanded for the tourism sector by 2015.

## Appendix A—NAICS Industries Included in the Tourism Sector<sup>4</sup>

### 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

---

<sup>4</sup> This report refers to NAICS 2007, which will be replaced by NAICS 2012 in future updates.

### 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<sup>5</sup>

### 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

---

<sup>5</sup> In future reports, the NOC-S will be replaced with the NOC 2011.

### **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 (2010 \$ millions)**

<b>CANADA (2010 \$ millions)</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	80,112	87,851	96,653	106,125	116,768
Air transportation	15,311	18,711	22,338	26,624	31,673
Rail transportation	289	325	353	380	409
Other transportation	64,512	68,815	73,962	79,121	84,686
Accommodation	12,127	13,005	14,279	15,685	17,202
Food and beverage services	55,364	62,258	69,254	75,498	81,931
Recreation and entertainment	22,854	25,639	29,820	34,449	39,731
Travel services	3,515	3,613	3,579	3,513	3,442
Other tourism commodities	2,787	3,291	3,853	4,475	5,127
<b>TOTAL TOURISM DEMAND</b>	<b>176,759</b>	<b>195,657</b>	<b>217,438</b>	<b>239,745</b>	<b>264,201</b>

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

**Table C2: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>NEWFOUNDLAND &amp; LABRADOR</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,217	1,311	1,388	1,464	1,540
Air transportation	229	267	300	336	375
Rail transportation	4	5	5	5	5
Other transportation	984	1,039	1,083	1,123	1,160
Accommodation	187	200	216	234	253
Food and beverage services	831	906	971	1,007	1,033
Recreation and entertainment	326	356	396	436	475
Travel services	51	51	49	47	44
Other tourism commodities	41	47	53	59	64
<b>TOTAL TOURISM DEMAND</b>	<b>2,653</b>	<b>2,871</b>	<b>3,074</b>	<b>3,247</b>	<b>3,410</b>

**Table C3: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>ST. JOHN'S</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	484	549	588	624	661
Air transportation	144	168	189	211	236
Rail transportation	1	2	2	2	2
Other transportation	339	379	397	411	424
Accommodation	62	67	73	78	84
Food and beverage services	386	442	477	494	506
Recreation and entertainment	166	190	212	233	254
Travel services	30	30	29	27	26
Other tourism commodities	18	21	24	27	29
<b>TOTAL TOURISM DEMAND</b>	<b>1,145</b>	<b>1,300</b>	<b>1,402</b>	<b>1,484</b>	<b>1,561</b>

**Table C4: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF NEWFOUNDLAND AND LABRADOR</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	733	762	800	840	879
Air transportation	85	99	111	124	139
Rail transportation	3	3	3	3	4
Other transportation	645	660	686	712	736
Accommodation	125	133	144	156	169
Food and beverage services	445	464	495	513	526
Recreation and entertainment	161	167	184	203	221
Travel services	21	21	20	19	18
Other tourism commodities	23	25	29	32	35
<b>TOTAL TOURISM DEMAND</b>	<b>1,507</b>	<b>1,571</b>	<b>1,672</b>	<b>1,763</b>	<b>1,849</b>

**Table C5: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>PRINCE EDWARD ISLAND</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	353	379	410	444	483
Air transportation	81	92	102	115	129
Rail transportation	-	-	-	-	-
Other transportation	272	287	307	329	354
Accommodation	87	93	102	111	121
Food and beverage services	230	248	256	262	270
Recreation and entertainment	79	84	95	107	120
Travel services	12	12	12	11	11
Other tourism commodities	9	11	12	14	16
<b>TOTAL TOURISM DEMAND</b>	<b>770</b>	<b>827</b>	<b>885</b>	<b>950</b>	<b>1,021</b>

**Table C6: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>CHARLOTTETOWN</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	179	195	212	231	251
Air transportation	48	54	61	68	77
Rail transportation	-	-	-	-	-
Other transportation	131	141	152	163	175
Accommodation	39	42	46	50	55
Food and beverage services	112	123	128	132	136
Recreation and entertainment	36	39	45	50	57
Travel services	6	6	6	6	5
Other tourism commodities	4	5	6	7	7
<b>TOTAL TOURISM DEMAND</b>	<b>377</b>	<b>411</b>	<b>443</b>	<b>476</b>	<b>512</b>

**Table C7: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF PRINCE EDWARD ISLAND</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	174	184	197	214	232
Air transportation	33	38	42	47	53
Rail transportation	-	-	-	-	-
Other transportation	141	146	155	167	179
Accommodation	48	51	56	61	67
Food and beverage services	118	125	127	131	134
Recreation and entertainment	43	45	50	56	63
Travel services	6	6	6	6	6
Other tourism commodities	5	6	6	7	8
<b>TOTAL TOURISM DEMAND</b>	<b>393</b>	<b>416</b>	<b>442</b>	<b>474</b>	<b>509</b>

**Table C8: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>NOVA SCOTIA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,932	2,038	2,142	2,256	2,396
Air transportation	392	452	504	564	635
Rail transportation	8	9	9	10	10
Other transportation	1,532	1,577	1,629	1,682	1,750
Accommodation	343	364	394	428	463
Food and beverage services	1,316	1,445	1,494	1,543	1,600
Recreation and entertainment	528	561	614	670	734
Travel services	80	81	78	74	71
Other tourism commodities	63	73	81	89	98
<b>TOTAL TOURISM DEMAND</b>	<b>4,263</b>	<b>4,562</b>	<b>4,802</b>	<b>5,060</b>	<b>5,362</b>

**Table C9: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>HALIFAX</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,154	1,264	1,345	1,421	1,514
Air transportation	291	338	377	422	475
Rail transportation	5	5	6	6	6
Other transportation	859	920	962	993	1,032
Accommodation	152	165	180	194	209
Food and beverage services	616	713	749	773	802
Recreation and entertainment	265	296	328	358	392
Travel services	48	48	47	45	43
Other tourism commodities	31	37	42	46	50
<b>TOTAL TOURISM DEMAND</b>	<b>2,266</b>	<b>2,523</b>	<b>2,690</b>	<b>2,837</b>	<b>3,010</b>

**Table C10: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF NOVA SCOTIA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	778	774	797	835	882
Air transportation	101	114	126	142	161
Rail transportation	3	4	4	4	4
Other transportation	673	656	666	689	717
Accommodation	191	199	215	234	254
Food and beverage services	700	732	745	770	798
Recreation and entertainment	263	265	286	312	342
Travel services	33	32	31	30	28
Other tourism commodities	32	36	39	43	48
<b>TOTAL TOURISM DEMAND</b>	<b>1,997</b>	<b>2,039</b>	<b>2,112</b>	<b>2,223</b>	<b>2,352</b>

**Table C11: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>NEW BRUNSWICK</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,590	1,697	1,825	1,976	2,088
Air transportation	309	360	410	472	527
Rail transportation	6	7	7	8	8
Other transportation	1,275	1,330	1,407	1,496	1,553
Accommodation	269	286	312	339	368
Food and beverage services	1,075	1,150	1,255	1,334	1,358
Recreation and entertainment	413	446	506	576	629
Travel services	64	65	63	62	59
Other tourism commodities	51	59	68	78	86
<b>TOTAL TOURISM DEMAND</b>	<b>3,462</b>	<b>3,703</b>	<b>4,028</b>	<b>4,364</b>	<b>4,588</b>

**Table C12: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>SAINT JOHN</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	348	386	421	462	495
Air transportation	132	154	175	201	224
Rail transportation	1	1	1	1	1
Other transportation	215	231	244	260	269
Accommodation	34	36	39	42	46
Food and beverage services	178	195	213	227	231
Recreation and entertainment	72	80	90	103	112
Travel services	20	20	20	19	18
Other tourism commodities	9	10	12	13	15
<b>TOTAL TOURISM DEMAND</b>	<b>659</b>	<b>728</b>	<b>795</b>	<b>867</b>	<b>917</b>

**Table C13: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF NEW BRUNSWICK</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,242	1,311	1,404	1,513	1,592
Air transportation	177	206	235	271	302
Rail transportation	5	6	6	6	7
Other transportation	1,060	1,099	1,163	1,236	1,284
Accommodation	235	250	273	297	322
Food and beverage services	898	954	1,042	1,108	1,128
Recreation and entertainment	341	366	415	473	517
Travel services	44	45	44	42	40
Other tourism commodities	43	49	56	65	71
<b>TOTAL TOURISM DEMAND</b>	<b>2,802</b>	<b>2,975</b>	<b>3,234</b>	<b>3,498</b>	<b>3,671</b>

**Table C14: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>QUEBEC</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	16,756	17,769	19,149	20,686	22,473
Air transportation	3,174	3,715	4,301	5,008	5,852
Rail transportation	59	65	70	74	78
Other transportation	13,523	13,989	14,778	15,604	16,543
Accommodation	2,532	2,672	2,905	3,163	3,445
Food and beverage services	11,533	12,918	14,019	15,075	16,057
Recreation and entertainment	4,679	5,140	5,837	6,617	7,519
Travel services	723	731	714	694	674
Other tourism commodities	578	668	767	878	994
<b>TOTAL TOURISM DEMAND</b>	<b>36,801</b>	<b>39,899</b>	<b>43,391</b>	<b>47,112</b>	<b>51,161</b>

**Table C15: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>QUÉBEC CITY</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,357	1,411	1,500	1,604	1,724
Air transportation	115	133	154	180	212
Rail transportation	5	6	6	7	7
Other transportation	1,237	1,272	1,340	1,417	1,506
Accommodation	335	351	375	399	426
Food and beverage services	1,225	1,369	1,484	1,598	1,704
Recreation and entertainment	424	464	527	598	682
Travel services	67	67	64	62	59
Other tourism commodities	60	69	79	90	102
<b>TOTAL TOURISM DEMAND</b>	<b>3,469</b>	<b>3,731</b>	<b>4,028</b>	<b>4,351</b>	<b>4,697</b>

**Table C16: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>MONTRÉAL</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	10,302	11,199	12,193	13,172	14,312
Air transportation	2,560	3,015	3,483	4,025	4,667
Rail transportation	33	37	39	40	42
Other transportation	7,708	8,147	8,671	9,106	9,602
Accommodation	838	903	964	1,019	1,077
Food and beverage services	5,671	6,529	7,167	7,681	8,152
Recreation and entertainment	2,556	2,865	3,273	3,684	4,156
Travel services	501	512	504	490	477
Other tourism commodities	290	343	396	450	506
<b>TOTAL TOURISM DEMAND</b>	<b>20,158</b>	<b>22,352</b>	<b>24,499</b>	<b>26,496</b>	<b>28,680</b>

**Table C17: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF QUEBEC</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	5,097	5,159	5,456	5,910	6,437
Air transportation	499	567	664	803	973
Rail transportation	21	23	25	27	29
Other transportation	4,578	4,570	4,767	5,080	5,435
Accommodation	1,360	1,418	1,566	1,745	1,942
Food and beverage services	4,636	5,020	5,367	5,796	6,200
Recreation and entertainment	1,699	1,810	2,037	2,335	2,681
Travel services	154	151	145	141	138
Other tourism commodities	228	256	292	338	386
<b>TOTAL TOURISM DEMAND</b>	<b>13,175</b>	<b>13,816</b>	<b>14,864</b>	<b>16,265</b>	<b>17,784</b>

**Table C18: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>ONTARIO</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	30,604	33,461	37,147	41,030	45,526
Air transportation	5,697	6,975	8,488	10,261	12,398
Rail transportation	101	112	121	129	138
Other transportation	24,806	26,373	28,538	30,640	32,990
Accommodation	4,250	4,562	5,036	5,561	6,120
Food and beverage services	21,322	24,365	28,300	31,650	35,082
Recreation and entertainment	8,976	10,021	11,788	13,720	15,999
Travel services	1,384	1,420	1,415	1,394	1,374
Other tourism commodities	1,105	1,305	1,542	1,802	2,083
<b>TOTAL TOURISM DEMAND</b>	<b>67,641</b>	<b>75,135</b>	<b>85,228</b>	<b>95,157</b>	<b>106,183</b>

**Table C19: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>TORONTO</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	16,242	18,607	21,138	23,473	26,182
Air transportation	4,765	5,866	7,102	8,489	10,142
Rail transportation	47	54	59	63	67
Other transportation	11,430	12,687	13,977	14,920	15,972
Accommodation	1,422	1,594	1,786	1,962	2,147
Food and beverage services	8,341	10,060	11,998	13,408	14,850
Recreation and entertainment	3,450	4,034	4,833	5,587	6,470
Travel services	825	854	854	840	825
Other tourism commodities	450	557	672	783	903
<b>TOTAL TOURISM DEMAND</b>	<b>30,731</b>	<b>35,707</b>	<b>41,282</b>	<b>46,051</b>	<b>51,377</b>

**Table C20: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>OTTAWA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	2,577	2,708	3,030	3,512	4,109
Air transportation	523	621	799	1,061	1,408
Rail transportation	8	9	9	10	11
Other transportation	2,046	2,078	2,222	2,441	2,690
Accommodation	362	380	433	502	581
Food and beverage services	1,986	2,166	2,460	2,772	3,097
Recreation and entertainment	839	914	1,082	1,297	1,559
Travel services	123	122	120	119	117
Other tourism commodities	101	114	134	159	188
<b>TOTAL TOURISM DEMAND</b>	<b>5,987</b>	<b>6,405</b>	<b>7,257</b>	<b>8,362</b>	<b>9,650</b>

**Table C21: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>ST. CATHARINES-NIAGARA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	817	856	911	966	1,027
Air transportation	89	109	124	139	155
Rail transportation	3	3	4	4	4
Other transportation	725	744	783	823	868
Accommodation	483	511	536	557	577
Food and beverage services	946	1,054	1,205	1,336	1,468
Recreation and entertainment	654	700	794	900	1,022
Travel services	44	47	48	47	47
Other tourism commodities	60	69	79	90	101
<b>TOTAL TOURISM DEMAND</b>	<b>3,003</b>	<b>3,237</b>	<b>3,572</b>	<b>3,895</b>	<b>4,240</b>

**Table C22: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF ONTARIO</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	10,968	11,289	12,068	13,080	14,209
Air transportation	320	379	463	572	693
Rail transportation	43	46	49	52	56
Other transportation	10,606	10,864	11,556	12,456	13,460
Accommodation	1,983	2,077	2,281	2,540	2,815
Food and beverage services	10,049	11,085	12,637	14,134	15,668
Recreation and entertainment	4,033	4,372	5,080	5,936	6,948
Travel services	393	397	393	389	384
Other tourism commodities	494	565	658	770	891
<b>TOTAL TOURISM DEMAND</b>	<b>27,920</b>	<b>29,786</b>	<b>33,117</b>	<b>36,849</b>	<b>40,915</b>

**Table C23: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>MANITOBA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	2,491	2,738	3,017	3,319	3,678
Air transportation	438	541	652	785	949
Rail transportation	7	8	9	10	12
Other transportation	2,046	2,189	2,355	2,524	2,718
Accommodation	306	329	362	401	443
Food and beverage services	1,737	1,943	2,094	2,240	2,412
Recreation and entertainment	720	796	933	1,086	1,269
Travel services	112	115	114	112	111
Other tourism commodities	91	107	126	147	170
<b>TOTAL TOURISM DEMAND</b>	<b>5,458</b>	<b>6,029</b>	<b>6,646</b>	<b>7,305</b>	<b>8,083</b>

**Table C24: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>WINNIPEG</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,931	2,118	2,329	2,561	2,837
Air transportation	320	397	479	577	698
Rail transportation	5	6	7	7	8
Other transportation	1,606	1,715	1,844	1,977	2,130
Accommodation	175	190	210	234	260
Food and beverage services	1,189	1,326	1,427	1,527	1,645
Recreation and entertainment	497	548	642	748	875
Travel services	77	80	79	77	76
Other tourism commodities	61	72	85	99	115
<b>TOTAL TOURISM DEMAND</b>	<b>3,930</b>	<b>4,335</b>	<b>4,772</b>	<b>5,246</b>	<b>5,807</b>

**Table C25: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF MANITOBA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	561	620	687	758	842
Air transportation	118	144	173	208	251
Rail transportation	2	2	3	3	3
Other transportation	441	474	511	547	587
Accommodation	130	138	152	167	184
Food and beverage services	548	617	667	713	767
Recreation and entertainment	224	248	291	338	394
Travel services	35	36	36	35	35
Other tourism commodities	30	35	41	48	55
<b>TOTAL TOURISM DEMAND</b>	<b>1,527</b>	<b>1,694</b>	<b>1,874</b>	<b>2,059</b>	<b>2,276</b>

**Table C26: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>SASKATCHEWAN</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	2,402	2,746	3,073	3,400	3,776
Air transportation	419	550	679	824	1,000
Rail transportation	6	8	10	11	12
Other transportation	1,977	2,187	2,385	2,565	2,763
Accommodation	288	312	344	381	422
Food and beverage services	1,675	1,885	2,031	2,179	2,365
Recreation and entertainment	693	813	970	1,134	1,327
Travel services	108	114	114	112	110
Other tourism commodities	88	107	128	149	173
<b>TOTAL TOURISM DEMAND</b>	<b>5,255</b>	<b>5,978</b>	<b>6,660</b>	<b>7,355</b>	<b>8,173</b>

**Table C27: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REGINA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	446	509	568	624	688
Air transportation	49	66	81	99	121
Rail transportation	2	2	2	3	3
Other transportation	395	441	484	522	564
Accommodation	45	51	57	64	72
Food and beverage services	478	540	584	628	683
Recreation and entertainment	192	228	275	322	378
Travel services	29	31	31	31	30
Other tourism commodities	21	26	31	37	43
<b>TOTAL TOURISM DEMAND</b>	<b>1,211</b>	<b>1,385</b>	<b>1,546</b>	<b>1,705</b>	<b>1,893</b>

**Table C28: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>SASKATOON</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	743	885	1,015	1,135	1,275
Air transportation	179	237	293	356	434
Rail transportation	2	3	3	4	5
Other transportation	561	646	719	775	837
Accommodation	66	73	81	90	101
Food and beverage services	575	669	734	788	857
Recreation and entertainment	170	207	252	296	347
Travel services	33	34	34	34	33
Other tourism commodities	26	32	39	46	53
<b>TOTAL TOURISM DEMAND</b>	<b>1,611</b>	<b>1,901</b>	<b>2,155</b>	<b>2,389</b>	<b>2,666</b>

**Table C29: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF SASKATCHEWAN</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,214	1,352	1,491	1,640	1,813
Air transportation	190	248	304	368	446
Rail transportation	3	3	4	4	5
Other transportation	1,021	1,101	1,183	1,268	1,362
Accommodation	177	189	207	227	249
Food and beverage services	622	675	714	763	826
Recreation and entertainment	332	378	443	517	603
Travel services	46	49	48	48	47
Other tourism commodities	41	49	57	67	77
<b>TOTAL TOURISM DEMAND</b>	<b>2,432</b>	<b>2,692</b>	<b>2,960</b>	<b>3,261</b>	<b>3,614</b>

**Table C30: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>ALBERTA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	10,894	12,548	14,028	15,682	17,378
Air transportation	1,990	2,597	3,190	3,913	4,724
Rail transportation	34	41	46	52	58
Other transportation	8,870	9,909	10,792	11,717	12,595
Accommodation	1,459	1,590	1,757	1,941	2,143
Food and beverage services	7,584	8,559	9,340	10,139	11,054
Recreation and entertainment	3,167	3,801	4,520	5,356	6,245
Travel services	491	519	519	515	506
Other tourism commodities	394	480	572	676	781
<b>TOTAL TOURISM DEMAND</b>	<b>23,988</b>	<b>27,497</b>	<b>30,736</b>	<b>34,310</b>	<b>38,106</b>

**Table C31: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>CALGARY</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	5,026	5,903	6,707	7,618	8,577
Air transportation	1,384	1,821	2,249	2,768	3,354
Rail transportation	13	16	19	21	24
Other transportation	3,629	4,066	4,439	4,828	5,199
Accommodation	374	425	485	546	614
Food and beverage services	2,836	3,224	3,534	3,845	4,202
Recreation and entertainment	1,222	1,478	1,767	2,101	2,457
Travel services	192	205	206	204	201
Other tourism commodities	147	181	218	260	302
<b>TOTAL TOURISM DEMAND</b>	<b>9,798</b>	<b>11,417</b>	<b>12,916</b>	<b>14,574</b>	<b>16,354</b>

**Table C32: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>EDMONTON</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	3,204	3,648	4,038	4,464	4,891
Air transportation	332	434	534	657	794
Rail transportation	11	13	15	17	19
Other transportation	2,862	3,200	3,489	3,791	4,078
Accommodation	358	397	445	498	556
Food and beverage services	2,468	2,794	3,054	3,320	3,624
Recreation and entertainment	986	1,189	1,419	1,686	1,971
Travel services	171	182	183	181	178
Other tourism commodities	119	146	174	206	238
<b>TOTAL TOURISM DEMAND</b>	<b>7,306</b>	<b>8,355</b>	<b>9,313</b>	<b>10,355</b>	<b>11,458</b>

**Table C33: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF ALBERTA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	2,664	2,997	3,283	3,600	3,910
Air transportation	274	342	406	488	576
Rail transportation	10	12	13	14	16
Other transportation	2,379	2,643	2,864	3,098	3,318
Accommodation	727	768	827	898	973
Food and beverage services	2,279	2,541	2,752	2,974	3,228
Recreation and entertainment	959	1,134	1,334	1,570	1,817
Travel services	127	132	130	129	126
Other tourism commodities	128	153	180	210	240
<b>TOTAL TOURISM DEMAND</b>	<b>6,884</b>	<b>7,725</b>	<b>8,507</b>	<b>9,381</b>	<b>10,295</b>

**Table C34: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>BRITISH COLUMBIA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	11,458	12,709	13,976	15,321	16,831
Air transportation	2,490	3,049	3,582	4,194	4,906
Rail transportation	58	65	70	76	81
Other transportation	8,910	9,595	10,324	11,051	11,844
Accommodation	2,321	2,505	2,752	3,021	3,310
Food and beverage services	7,779	8,523	9,144	9,687	10,289
Recreation and entertainment	3,153	3,486	4,008	4,572	5,214
Travel services	472	487	482	474	465
Other tourism commodities	366	433	504	582	663
<b>TOTAL TOURISM DEMAND</b>	<b>25,549</b>	<b>28,143</b>	<b>30,866</b>	<b>33,657</b>	<b>36,771</b>

**Table C35: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>VANCOUVER</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	6,546	7,403	8,196	8,897	9,672
Air transportation	1,778	2,186	2,533	2,877	3,265
Rail transportation	30	34	37	39	42
Other transportation	4,737	5,183	5,626	5,981	6,365
Accommodation	880	975	1,062	1,128	1,196
Food and beverage services	4,260	4,747	5,164	5,466	5,800
Recreation and entertainment	1,618	1,811	2,100	2,378	2,693
Travel services	309	324	324	319	314
Other tourism commodities	191	230	270	309	349
<b>TOTAL TOURISM DEMAND</b>	<b>13,804</b>	<b>15,490</b>	<b>17,116</b>	<b>18,498</b>	<b>20,023</b>

**Table C36: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>VICTORIA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	1,017	1,072	1,153	1,279	1,424
Air transportation	118	144	176	222	280
Rail transportation	6	6	7	8	8
Other transportation	893	922	971	1,050	1,136
Accommodation	226	240	266	299	335
Food and beverage services	622	652	680	722	768
Recreation and entertainment	307	327	369	425	489
Travel services	33	33	32	31	31
Other tourism commodities	31	36	41	48	55
<b>TOTAL TOURISM DEMAND</b>	<b>2,236</b>	<b>2,361</b>	<b>2,541</b>	<b>2,804</b>	<b>3,103</b>

**Table C37: Baseline Forecast of the Demand for Tourism Goods and Services (2010 \$ millions)**

<b>REST OF BRITISH COLUMBIA</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Transportation	3,895	4,234	4,626	5,145	5,735
Air transportation	594	720	874	1,095	1,361
Rail transportation	22	24	26	29	31
Other transportation	3,279	3,490	3,726	4,021	4,343
Accommodation	1,215	1,290	1,424	1,594	1,779
Food and beverage services	2,897	3,123	3,301	3,500	3,720
Recreation and entertainment	1,229	1,348	1,540	1,769	2,031
Travel services	130	130	126	123	121
Other tourism commodities	143	167	193	225	259
<b>TOTAL TOURISM DEMAND</b>	<b>9,509</b>	<b>10,292</b>	<b>11,209</b>	<b>12,356</b>	<b>13,644</b>

## **Appendix D—Demographic Assumptions by Province**

### **NEWFOUNDLAND AND LABRADOR**

#### ***Aging of the Population***

- The average age of Newfoundland and Labrador's population will increase dramatically, going from 41.7 in 2010 to 47.4 in 2030.
- Over the long term, demographic changes are expected to moderate economic growth in Newfoundland and Labrador to a greater degree than in Canada as a whole.
- The 25–34 age group, which made up 12 per cent of the population in 2010, will account for only 8 per cent of the population by 2030. Meanwhile, the proportion of the population aged 65 years and older will increase from 15 per cent in 2010 to 30 per cent in 2030, pushing it well above the national average of 22 per cent projected for that year.

#### ***Population Growth***

- High levels of out-migration and a steady rise in the average age will cause Newfoundland and Labrador's population to decrease at an annual compound rate of 0.2 per cent from 2010 to 2030. The total population of the province is expected to fall from 511,154 in 2010 to 489,355 in 2030.
- Net interprovincial migration is forecast to turn positive over the next few years, as the province's rising wages and living standards should attract residents of nearby provinces. However, the situation is expected to reverse as of 2017. Over the entire forecast period, net interprovincial migration is expected to average about –221 annually between 2012 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 steady flow of international migration, averaging 274 people per year from 2012 to 2030, will help replenish the declining population.

#### ***Labour Force Growth***

- The baby boomers have already started to retire, and will be retiring in force until 2025. By the end of the forecast period (2030), nearly all of this cohort will have left the labour force, and Newfoundland's working-age population will be much lower.
- People of working age (15 to 64 years old) made up 70 per cent of the population in 2010, but this share will shrink to 56 per cent by 2030.
- The provincial workforce participation rate was 60 per cent in 2010, but it is expected to slide over the entire forecast period, sinking to 54 per cent by 2030.
- The size of the labour force is expected to remain largely unchanged until 2016, when it will begin a rapid descent as demographic changes become more acute. Between 2016 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 increase significantly from 40.9 in 2010 to 46.3 in 2030. The proportion of those aged 65 and over is expected to climb from 14.7 per cent in 2008 to 26.1 per cent by 2030.
- Demographic changes are expected to restrict 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 143,128 in 2010 to 164,851 in 2030—an annual compound growth rate of 0.7 per cent. The province will post solid population gains over the forecast period 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.
- Net interprovincial migration to the Island is expected to improve over the next few years. While the Island now has more residents leaving to other provinces than people moving in, the situation is expected to turn around starting in 2014. Over the forecast period (2012 to 2030), net interprovincial migration will add a total of 8,483 people to the Island's population, an average of 446 people per year.
- International immigration is expected to slow over the forecast period, but will remain solid, and is expected to stabilize at an average of 504 people per year by 2030. Overall, net international immigration is expected to boost the population of the Island by 9,576 people between 2012 and 2030.
- 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 258 in 2011 to an annual loss of 236 by 2030.

### ***Labour Force Growth***

- For decades, the annual growth in the labour force on the Island has consistently outpaced growth in the province's source population. However, this trend started to 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 0.04 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 per cent in 2010 to 61 per cent by 2030.

## **NOVA SCOTIA**

### ***Aging of the Population***

- The average age of Nova Scotia's population will increase significantly over the forecast period. Those aged 65 years and older will swell from 16 per cent of the total population in 2010 to 28 per cent in 2030.
- Nova Scotia's demographic and economic prospects improved after Halifax landed a \$25-billion contract to build navy combat ships for the Royal Canadian Navy. Nevertheless, demographic fundamentals are hardly favourable, and are expected to moderate economic growth in Nova Scotia over the long term.

### ***Population Growth***

- Nova Scotia's population is expected to increase steadily from 944,457 in 2010 to 978,821 by 2030. This represents a compound growth rate of 0.2 per cent per year over the forecast period.
- Thanks to Irving Shipbuilding's \$25 billion-dollar government contract to build combat ships for the Canadian navy at the Halifax Shipyard, Nova Scotia's net interprovincial migration is expected to turn positive. In other words, the number of those migrating to Nova Scotia from other provinces will outnumber the Nova Scotia residents leaving for other parts of Canada. As a result, net interprovincial migration is expected to be positive the forecast period, averaging about 589 people annually between 2012 and 2030.
- International immigration to Nova Scotia will also remain strong over the long term, adding a total of 34,354 to the provincial population between 2012 and 2030.
- The natural increase in the population (births minus deaths) is slowing, and is expected to turn negative by 2020, 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 2011 and 2015, fuelled by the influx of interprovincial migrants coming to work on the province's large-scale projects.
- However, the labour force will begin to contract after 2015, shrinking at an average annual rate of 0.5 per cent between 2016 and 2030.
- The labour force participation rate in Nova Scotia is currently at 64 per cent. Projections suggest it will gradually shrink over the long term, falling to 58 per cent by 2030.

## **NEW BRUNSWICK**

### ***Aging of the Population***

- The average age of New Brunswick's population will increase sharply from 41.5 in 2010 to 46.6 in 2030. The proportion aged 65 and over will swell from 16 per cent in 2010 to 29 per cent in 2030.
- The province's weak population forecast has profound implications for New Brunswick's long-term economic outlook.

### ***Population Growth***

- After reaching its peak of 752,420 in 1997, the province's population declined slowly until 2008, mainly because of the low fertility rate among women in the province and the departure of young people to other parts of Canada. Since then, population growth has resumed as net interprovincial and international migration have improved. This trend is expected to continue till 2022, at which point, the decline is predicted to return.
- The population is expected to grow at an average annual rate of 0.2 per cent between 2012 and 2022, and to decline by 0.1 per cent per year thereafter.
- The natural increase in population (births minus deaths) is expected to become negative by 2020, because of a dramatic increase in the average age. The percentage of women in their child-bearing years (between 15 and 44 years old) is projected to decrease from 37 per cent of the province's total female population in 2010 to 32 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, and will benefit from the \$25-billion ship-manufacturing contract awarded to Halifax, as many of Irving Shipbuilding's suppliers are based in New Brunswick. The labour force is expected to grow by an annual average rate of 0.2 per cent between 2010 and 2017. However, a reduction in net interprovincial and international migration is expected to reduce the province's labour force throughout the rest of the forecasting period.
- New Brunswick's labour force participation rate is currently near its peak, and is expected to begin a slow, gradual decline. It is forecast to drop from 64 per cent in 2010 to 60 per cent by 2030.

## QUEBEC

### *Aging of the Population*

- The average age of Quebecers is set to increase from 40.7 in 2010 to 43.8 in 2030, and 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 15 per cent in 2010 to 24 per cent in 2030. Over that same period, the proportion of those aged 15 to 64 years will drop from 69 per cent to 60 per cent.

### *Population Growth*

- Quebec's population, estimated at 7,895,081 in 2010, will reach 9,197,178 by 2030, an increase of about 1.3 million.
- Quebec's population growth will slow gradually over the next two decades, from 1 per cent in 2012 to 0.6 per cent in 2030, averaging about 0.8 per cent annually over the forecast period.
- The province will continue to register a large net loss in interprovincial migration over the long term. Between now and 2030, an average of 9,966 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 by an annual average of 51,599 per year.
- In 2010, the province received 20 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 0.7 per cent between 2011 and 2016, then slowing to a meagre 0.2 per cent between 2016 and 2030.
- The workforce participation rate in Quebec levelled off at about 66 per cent in 2008. It is expected to decline to 61 per cent over 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 14 per cent of the total population in 2010, are projected to rise to 22 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 1.2 per cent between 2010 and 2030. This rate is slightly higher than the 1.1 per cent growth rate projected for Canada overall.
- However, the natural rate of population growth (births minus deaths) is expected to decline steadily over that period, as the population ages.
- Interprovincial migration patterns will not favour Ontario over the medium term, as the economic potential offered by Alberta and other western provinces will continue to draw migrants to that part of the country. In 2016, that trend will change and Ontario will begin to receive a small net annual increase in interprovincial migrants. Over the forecast period (2012 to 2030), interprovincial migration is expected to add 23,667 to Ontario's population.
- 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 77 per cent of the province's annual population growth.
- Net international immigration to Ontario is expected to increase from 112,908 in 2010 to 146,668 in 2030.

### ***Labour Force Growth***

- The labour force participation rate is expected to decline gradually over the forecast period 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 1.4 per cent between 2011 and 2016, to 0.8 per cent between 2016 and 2030.

## **MANITOBA**

### ***Aging of the Population***

- The average age of Manitoba's population will increase only slightly over the long term, from 38.5 in 2010 to 39.7 in 2030. Manitoba will remain the province with the youngest population in Canada. Nevertheless, those aged 65 and older are expected to represent 19 per cent of the total population by 2030, up from 14 per cent in 2010.
- Demographic changes will have substantial implications for the provincial economy over the long term, but less so compared with other provinces.

### ***Population Growth***

- The total population of Manitoba is expected to grow at an annual compound rate of 1.4 per cent between 2010 and 2030—one the fastest rates in the country. This will raise the population from 1.2 million in 2010 to 1.6 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 drop only slightly as the population ages. Manitoba's current 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 2,000 people per year are expected to leave for other provinces between 2012 and 2016. However, growth in manufacturing and other industrial 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 13,516 international immigrants per year between 2012 and 2030. The pace of international immigration is expected to hold steady through the forecast period.
- 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 peak at 70 per cent in 2014 and subsequently begin a gradual decline, falling to 67 per cent by 2030.
- Manitoba's 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 1.6 per cent from 2011 to 2016, and then decelerate to a rate of 1.1 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, from 38.7 in 2010 to 40.4 in 2030. The 65 years-and-older cohort is projected to expand from 15 per cent of the total population in 2010 to 20 per cent in 2030.
- Demographic changes are expected to have a significant impact on Saskatchewan's economy.

### ***Population Growth***

- An estimated 1,042,096 people lived in Saskatchewan in 2010, making it the sixth most populous province in Canada. By 2030, the population is expected to increase to 1,274,111. This translates into an annual compound growth rate of 1 per cent—a pace that is slightly slower than the 1.1 per cent growth rate projected for Canada overall.
- The province's natural rate of increase is expected to begin falling after 2019, as the population ages. Although Saskatchewan's fertility rate is the highest of all provinces in the country, at 1.96, 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 2013, projections suggest Saskatchewan will lose an average of 1,600 people per year to other provinces.
- International immigration will help offset the net loss in interprovincial migration, adding about 6,855 people per year to the total population of Saskatchewan over the entire forecast period. Still, this represents only about 2 per cent of the total number of immigrants entering Canada.

### ***Labour Force Growth***

- The aging of the population will curb 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 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 relatively fast over the medium term, at an average annual rate of 1.4 per cent between 2011 and 2016. However, the rate of growth is expected to decelerate to an annual average rate of 0.7 per cent over the rest of the forecast horizon.

## **ALBERTA**

### ***Aging of the Population***

- The average age of the population is expected to increase substantially from 37 in 2010 to 40 in 2030. The share of the population aged 65 and older will climb from 11 per cent in 2010 to 18 per cent in 2030.
- Demographic changes are expected to weaken long-term economic growth in Alberta.

### ***Population Growth***

- Alberta's population, estimated at 3.7 million in 2010, is projected to reach 5 million by 2030, growing at a compound annual rate of 1.5 per cent—the fastest rate of growth among all provinces in the country.
- The fertility rate in Alberta is projected to remain constant at 1.86 over the forecast period, 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 slowing in 2017, and keep falling over the long term.
- The abundance of opportunities in neighbouring provinces is expected to slow migration to Alberta from other provinces. Although interprovincial migration added an average of 24,353 people every year between 2000 and 2008, this rate is expected to drop to an average of 7,582 from 2012 to 2030.
- International immigration to Alberta is expected to remain strong over the long term. Net gains in international migrants are expected to average 24,553 per year between 2012 and 2030, providing a big boost to the province's labour force.
- 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.

### ***Labour Force Growth***

- The labour force participation rate averaged a stellar 73 per cent in 2010, well above that of any other province. However, it is forecast to decrease slightly over the long term, falling to 70 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 2010 and 2030, keeping it at a rate of 1.4 per cent per year over that period. Despite this slowdown, Alberta's labour force will remain the fastest growing in the country.

## **BRITISH COLUMBIA**

### ***Aging of the Population***

- The average age of British Columbia's population will gradually increase, from 40.6 in 2010 to 44.3 in 2030. 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 15 per cent in 2010 to 24 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 4.5 million in 2010 to 5.8 million in 2030—a compound growth rate of 1.2 per cent. This pace of growth is close to the 1.1 per cent rate of growth projected for Canada overall.
- The natural rate of increase is expected to decelerate throughout the forecast period. The number of deaths will begin matching the number of births by 2030. At 1.49, British Columbia's fertility rate is one of the lowest in Canada, falling well short of the standard replacement rate of 2.1. 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 4,200 people per year between 2012 and 2030.
- International immigration will be the main driver of population growth in B.C. over the forecast period. Net annual gains in international migrants are expected to average 47,286 people per year between 2012 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 baby boomers retire and as retirees from other parts of the country move to British Columbia. The participation rate is expected to drop from 65 per cent in 2010 to 60 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 1.3 per cent from 2011 to 2016. It is expected to slow even further after that, to a rate of 0.6 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)

<b>CANADA</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	1.2%	1.1%	1.1%	1.0%	1.1%
Labour force	1.2%	0.7%	0.6%	0.6%	0.8%
Participation rate (average)	67.1%	66.6%	65.1%	63.5%	65.6%
Unemployment rate (average)	6.8%	5.7%	5.5%	5.4%	5.9%
Employment	1.7%	0.8%	0.6%	0.6%	0.9%
Real GDP	2.6%	2.1%	1.9%	1.9%	2.1%
Personal disposable income	3.6%	3.6%	3.5%	3.5%	3.6%
Consumer price index	2.3%	2.0%	2.0%	2.0%	2.1%

**Table E2: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>NEWFOUNDLAND AND LABRADOR</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	0.1%	-0.1%	-0.4%	-0.5%	-0.2%
Avg. Interprovincial migration (000s)	0.55	0.16	-0.71	-0.71	-0.27
Labour force	0.2%	-0.7%	-0.9%	-1.2%	-0.6%
Participation rate (average)	60.3%	59.3%	57.6%	55.4%	58.1%
Unemployment rate (average)	12.0%	10.0%	9.9%	9.9%	10.5%
Employment	1.2%	-0.6%	-0.9%	-1.2%	-0.4%
Real GDP	1.6%	0.5%	1.6%	0.8%	1.1%
Personal disposable income	3.2%	2.4%	2.0%	1.7%	2.3%
Consumer price index	2.3%	2.1%	2.1%	2.0%	2.1%

**Table E3: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>PRINCE EDWARD ISLAND</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	0.8%	0.6%	0.7%	0.6%	0.7%
Avg. Interprovincial migration (000s)	-0.06	0.32	0.60	0.69	0.38
Labour force	0.7%	0.1%	0.0%	0.0%	0.2%
Participation rate (average)	67.6%	66.1%	64.0%	61.6%	64.8%
Unemployment rate (average)	10.5%	9.4%	9.3%	9.3%	9.7%
Employment	1.1%	0.2%	0.0%	0.0%	0.3%
Real GDP	1.8%	1.6%	1.5%	1.5%	1.6%
Personal disposable income	3.0%	3.0%	3.0%	3.0%	3.0%
Consumer price index	2.3%	2.1%	2.1%	2.0%	2.1%

**Table E4: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>NOVA SCOTIA</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	0.3%	0.3%	0.2%	0.0%	0.2%
Avg. Interprovincial migration (000s)	-0.19	0.58	0.58	0.50	0.34
Labour force	0.2%	-0.2%	-0.7%	-0.7%	-0.3%
Participation rate (average)	64.1%	63.3%	61.4%	58.7%	61.8%
Unemployment rate (average)	8.1%	6.5%	6.2%	6.1%	6.8%
Employment	0.7%	0.0%	-0.7%	-0.7%	-0.2%
Real GDP	1.8%	1.4%	0.8%	0.9%	1.2%
Personal disposable income	2.8%	2.7%	2.3%	2.2%	2.5%
Consumer price index	2.5%	2.0%	2.0%	1.9%	2.1%

**Table E5: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>NEW BRUNSWICK</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	0.3%	0.1%	0.0%	-0.2%	0.1%
Avg. Interprovincial migration (000s)	-0.19	-0.55	-0.84	-1.15	-0.68
Labour force	0.3%	0.0%	-0.3%	-0.5%	-0.2%
Participation rate (average)	63.3%	63.2%	62.3%	60.7%	62.3%
Unemployment rate (average)	8.5%	6.9%	6.8%	6.8%	7.3%
Employment	0.7%	0.1%	-0.3%	-0.5%	0.0%
Real GDP	1.8%	1.4%	1.1%	0.8%	1.3%
Personal disposable income	3.0%	2.8%	2.5%	2.2%	2.6%
Consumer price index	2.4%	2.1%	2.1%	2.0%	2.2%

**Table E6: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>QUEBEC</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	0.9%	0.8%	0.7%	0.6%	0.8%
Avg. Interprovincial migration (000s)	-8.58	-10.71	-9.84	-9.71	-9.64
Labour force	0.8%	0.1%	0.1%	0.4%	0.4%
Participation rate (average)	65.4%	64.5%	62.6%	61.1%	63.4%
Unemployment rate (average)	7.3%	6.6%	6.3%	6.2%	6.6%
Employment	1.1%	0.2%	0.2%	0.4%	0.5%
Real GDP	2.0%	1.6%	1.4%	1.6%	1.7%
Personal disposable income	2.9%	3.0%	3.0%	2.9%	3.0%
Consumer price index	2.4%	2.0%	2.0%	2.0%	2.1%

**Table E7: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>ONTARIO</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	1.2%	1.3%	1.2%	1.2%	1.2%
Avg. Interprovincial migration (000s)	-1.83	1.09	1.98	1.97	0.82
Labour force	1.3%	1.0%	0.8%	0.7%	0.9%
Participation rate (average)	67.0%	66.8%	65.4%	63.8%	65.7%
Unemployment rate (average)	7.0%	5.9%	5.6%	5.4%	6.0%
Employment	1.9%	1.1%	0.8%	0.7%	1.1%
Real GDP	2.5%	2.3%	2.0%	2.0%	2.2%
Personal disposable income	3.5%	3.8%	3.7%	3.7%	3.7%
Consumer price index	2.4%	2.0%	2.0%	2.0%	2.1%

**Table E8: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>MANITOBA</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	1.5%	1.5%	1.4%	1.3%	1.4%
Avg. Interprovincial migration (000s)	-2.44	-1.53	-1.14	-0.99	-1.54
Labour force	1.5%	1.1%	1.1%	1.2%	1.2%
Participation rate (average)	69.6%	69.4%	68.4%	67.5%	68.7%
Unemployment rate (average)	5.2%	4.9%	4.9%	4.8%	5.0%
Employment	1.5%	1.1%	1.1%	1.2%	1.2%
Real GDP	2.7%	2.1%	1.9%	2.0%	2.2%
Personal disposable income	3.7%	3.7%	3.6%	3.6%	3.6%
Consumer price index	2.2%	2.3%	2.2%	2.1%	2.2%

**Table E9: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>SASKATCHEWAN</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	1.2%	1.0%	0.9%	0.9%	1.0%
Avg. Interprovincial migration (000s)	0.77	-1.63	-2.05	-1.90	-1.18
Labour force	1.2%	0.6%	0.6%	0.8%	0.8%
Participation rate (average)	69.9%	70.1%	69.0%	67.8%	69.1%
Unemployment rate (average)	4.5%	4.3%	4.3%	4.2%	4.3%
Employment	1.4%	0.6%	0.6%	0.8%	0.9%
Real GDP	3.7%	2.3%	1.9%	1.9%	2.4%
Personal disposable income	4.1%	3.3%	3.3%	3.3%	3.5%
Consumer price index	2.2%	2.2%	2.1%	2.1%	2.1%

**Table E10: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>ALBERTA</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	1.8%	1.6%	1.4%	1.3%	1.5%
Avg. Interprovincial migration (000s)	9.42	8.19	7.30	6.81	8.01
Labour force	2.2%	1.2%	1.0%	1.1%	1.4%
Participation rate (average)	74.3%	74.1%	72.7%	71.1%	73.0%
Unemployment rate (average)	5.0%	3.9%	3.8%	3.9%	4.2%
Employment	2.7%	1.2%	1.0%	1.1%	1.5%
Real GDP	3.6%	3.0%	2.4%	2.2%	2.8%
Personal disposable income	5.2%	4.3%	4.1%	3.9%	4.4%
Consumer price index	2.2%	2.2%	2.2%	2.1%	2.2%

**Table E11: Exogenous Model Variables**

(compound annual growth rate unless otherwise noted)

<b>BRITISH COLUMBIA</b>	<b>2011–15</b>	<b>2016–20</b>	<b>2021–25</b>	<b>2026–30</b>	<b>2011–30</b>
Population	1.3%	1.3%	1.2%	1.1%	1.2%
Avg. Interprovincial migration (000s)	2.97	4.29	4.93	5.06	4.27
Labour force	1.3%	0.7%	0.6%	0.6%	0.8%
Participation rate (average)	65.1%	64.3%	62.4%	60.5%	63.1%
Unemployment rate (average)	6.3%	5.1%	5.0%	5.0%	5.4%
Employment	1.8%	0.7%	0.6%	0.6%	0.9%
Real GDP	2.9%	1.9%	1.8%	1.7%	2.1%
Personal disposable income	3.8%	3.6%	3.5%	3.4%	3.6%
Consumer price index	2.1%	2.1%	2.1%	2.0%	2.0%

## List of Tables and Charts

Chart A: Significant Challenges Facing Tourism Businesses Today .....	27
Chart B: Significant Challenges Facing Tourism Businesses Today, by Tourism Industry Group .....	27
Chart C: Changes in Revenues among Tourism Businesses in 2011, by Industry Group .....	29
Chart D: Changes in Staffing Levels among Tourism Businesses in 2011, by Employee Type .....	30
Chart E: Decreases in Staffing Levels among Tourism Businesses in 2011, by Industry Group .....	30
Chart F: Significant Challenges Tourism Businesses Expect to Face in Three to Five Years .....	31
Table 1A: Potential Tourism and Associated Non-Tourism Demand in Canada .....	4
Table 1B: Growth in Potential Tourism and Non-Tourism Demand in Canada .....	4
Table 2A: Potential Labour Demand in Canada’s Tourism Sector .....	5
Table 2B: Growth in Potential Tourism Labour Demand in Canada’s Tourism Sector .....	6
Table 3A: Potential Tourism Labour Demand by Province and City .....	7
Table 3B: Growth in Potential Tourism Labour Demand by Province and City .....	8
Table 4A: Potential Labour Supply in Canada’s Tourism Sector .....	9
Table 4B: Growth in Potential Labour Supply in Canada’s Tourism Sector .....	9
Table 5A: Potential Tourism Labour Supply by Province and City .....	10
Table 5B: Growth in Potential Tourism Labour Supply by Province and City .....	11
Table 6: Potential Short-Term Labour Gap in Canada’s Tourism Sector .....	12
Table 7: Potential Short-Term Labour Gap (full-year jobs) in the Tourism Sector by Province and City .....	13
Table 8: Potential Labour Gap in Canada’s Tourism Sector .....	14
Table 9A: Potential Tourism Labour Gap by Province and City .....	14
Table 9B: Potential Tourism Labour Gap as a Share of Overall Demand .....	15
Table 10A: Occupations with the Largest Expected Labour Shortages—In Absolute Size .....	16
Table 10B: Occupations with the Most Acute Labour Shortage—In Relative Terms .....	16
Table 11: Potential Labour Gap in Canada’s Tourism Sector .....	17
Table 12A: Potential Tourism Labour Gap by Province and City .....	18
Table 12B: Potential Tourism Labour Gap by Province and City as a Share of Demand .....	19
Table 13: Number of Potential Full-Year Job Openings in the Tourism Sector .....	20
Table 14: Share of Full-Year Job Openings Attributable to Turnover, Expansion, and Attrition .....	20
Table 15: Share of Full-Year Labour Shortages Attributable to Turnover, Expansion, and Attrition .....	21
Table 16: Additional Tourism Labour Supply Generated by Raising Wages in Canada .....	22
Table 17: Tourism and Non-Tourism Demand in 2015—Base Case vs. Federal Tourism Strategy Target .....	23
Table 18: Increase in Tourism Demand and Associated Labour Demand to Achieve Federal Tourism Strategy Target and Resulting Labour Gap (difference by 2015 vs. base-case scenario) .....	23
Table 19: Tourism and Non-Tourism Demand in 2015—Base Case vs. Escalation of EU Debt Crisis .....	24
Table 20: Labour Demand and Resulting Labour Gap—Base Case vs. Escalation of EU Debt Crisis .....	24
Table 21: Profile of Survey Respondents by Industry .....	26
Table 22: Top Three Occupations Most Affected by Labour Issues, by Tourism Industry .....	28
Table 23: Expected Change in Demand over the Next 12 Months, by Tourism Market .....	31
Table 24: Top 20 Themes Discussed to Address Labour Challenges .....	40
Table 25: Importance of Non-Wage Benefit in Staying With Employer—By Income .....	48

Table 26: Importance of Non-Wage Benefit in Staying With Current Employer—By Age .....	49
Table 27: Importance of Non-Wage Benefits in Staying With Current Employer (Avg Ratings) .....	50
Table 28: Importance of a Competitive Wage/Salary and Various Non-Wage Benefits When Considering an Offer of Employment—Not-Employed Respondents by Income Group .....	51
Table 29: Importance of Competitive Wage/Salary and Various Non-Wage Benefits When Considering an Offer of Employment—Not-Employed Respondents by Age Group.....	52
Table 30: Importance of Competitive Wage/Salary and Various Non-Wage Benefits When Considering an Offer of Employment—Not Employed Respondents Aged 18–24.....	53
Table 31: Impact of Benefits and Employee Characteristics on Employee Retention.....	54
Table 32: Potential Labour Shortages in 2020 and 2030 .....	55
Table 33: Impact of Increasing t Non-Wage Benefit Coverage for Employees aged 15–24 .....	55
Table 34: Effect of Increased Non-Wage Benefit Coverage on Labour Shortage in 2020 and 2030 .....	56
Table 35: Impact of Increased Retention and Attraction Projected Labour Gap, by Industry .....	57
Table 36: Baseline Forecast of the Demand for Tourism Goods and Services in Canada.....	62
Table 37: Productivity Growth Assumptions for Canada’s Tourism Sector .....	63
Table 38: Canadian Labour Force Participation Rates by Age and Sex.....	68
Table 39: Average Duration of Employment by Selected Occupational Categories, 2010.....	73
Table 40: Probability of Retiring or Dying in the Next Five Years .....	74
Table 41: Price Deflator for Tourism Demand .....	74
Table C1to C37: Baseline Forecast of the Demand for Tourism Goods and Services for Canada, the Provinces and Selected CMAs .....	82
Table E1 to E11: Exogenous Model Variables for Canada and the Provinces .....	105