



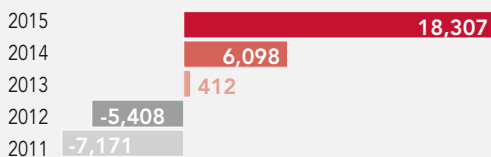
THE FUTURE OF CANADA'S TOURISM SECTOR: SHORTAGES TO RESURFACE AS LABOUR MARKETS TIGHTEN

Canada's tourism sector is facing a potentially severe shortage of labour over the next 15–20 years. Like other sectors of the Canadian economy, tourism suffered from the effects of tight labour markets in the years leading up to the economic recession of 2008–2009. In 2007, it was estimated that shortages in the tourism sector equalled 23,700 full-year jobs. While the recession eased labour shortages in Canada it was a temporary reprieve. The latest update of this study shows that labour shortages have already resurfaced in some provinces and will re-emerge nationwide by 2013 and intensify over time. By 2030, labour shortages in Ontario are expected to equal 88,175 full-year jobs¹.

As demand for labour grows, the pool of available workers will have an increasingly difficult time keeping up. Canada's population is aging, causing a significant deceleration in labour force growth over the long term. The consequences of labour shortages—such as missed opportunities for investment in the sector and the inability to meet potential demand—could cost Canadian tourism businesses billions of dollars.

The economic downturn has reduced demand for employment in Canada's tourism sector, leading to a surplus of labour. Estimates suggest Ontario's tourism sector experienced a surplus of labour in 2011 equivalent to about 7,200 full-year jobs. However, as market conditions improve, labour shortages in Ontario's tourism sector are projected to return by 2013.

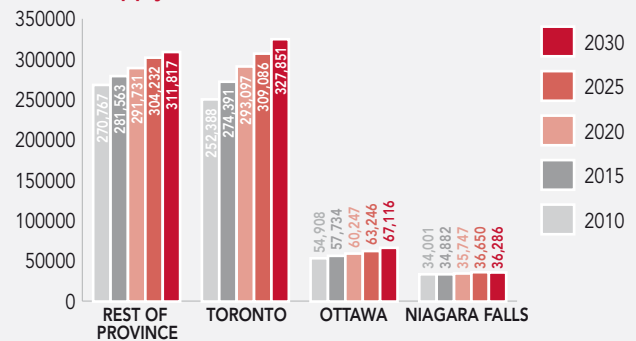
Potential Labour Shortage in Ontario 2011–2015



Over the long term, spending² on tourism goods and services in Ontario is projected to rise by 57% from \$67.6 billion in 2010 to \$106.2 billion in 2030, fuelling the demand for labour. The potential demand for tourism labour in the province is expected to rise from about 607,100 full-year jobs in 2010 to over 831,000 by 2030.

However, the potential supply of labour in the tourism sector is projected to grow much more slowly during this period, from the equivalent of 612,100 full-year jobs in 2010, to almost 743,100 in 2030.

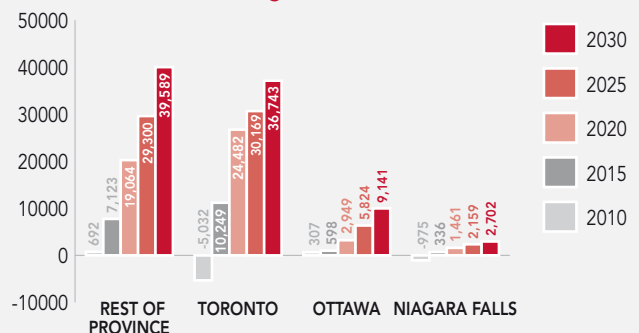
Labour Supply in Ontario



By 2030, the potential labour shortage in Ontario's tourism sector could grow to over 88,100 full-year jobs left unfilled.

In 2010, labour supply exceeded demand in Ontario by an estimated 5,008 full-year jobs but by 2030 that surplus is projected to turn into a shortage of 36,743 full-year jobs in Toronto, 9,141 in Ottawa, 2,702 in Niagara Falls, and 39,589 in the rest of the province.

Potential Labour Shortages in Ontario

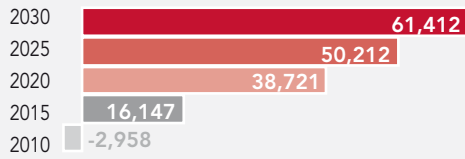


1. For this study, a job is defined as work for the period of one year, regardless of whether it is full-time or part-time. A job may be work for 10 hours per week or 40 hours per week, as long as it is for one year. If the work is only for three months of the year, then it only counts as only one-quarter of a job.

2. Real spending, 2010\$

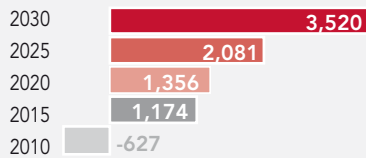
After easing during the recession, the labour shortage in the province's Food and Beverage Services industry could rise to more than 61,400 full-year jobs by 2030

Labour Shortages in Food & Beverage Services



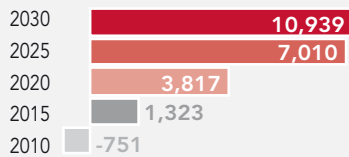
The shortage of labour in Ontario's Accommodation industry could grow to nearly 3,520 full-year jobs by 2030.

Labour Shortages in Accommodation



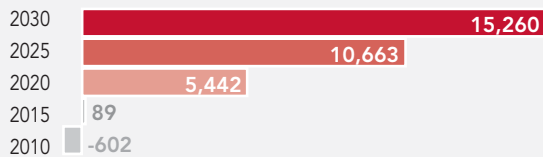
The labour shortage in the province's Transportation industry could surpass 10,900 full-year jobs by 2030.

Labour Shortages in Transportation



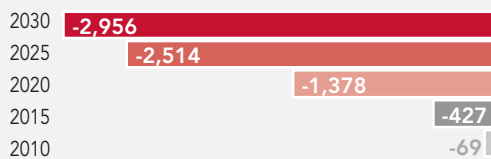
The province's Recreation and Entertainment industry could experience a shortage equivalent to about 15,300 full-year jobs by 2030.

Labour Shortages in Recreation and Entertainment



Travel Services is the only tourism industry group in Ontario not expected to see a shortage of labour over the long term.

Labour Shortages in Travel Services



Raising wages—a typical response to tighter labour markets—could alleviate potential shortages, but businesses would be forced to pass on the higher overhead to customers, thus stifling overall demand. This approach could cost Canada's tourism sector an estimated \$23.2 billion in lost spending. Instead, the tourism sector must respond collectively to ensure these potential shortages do not fully materialize.

FAST FACTS—Ontario

- Growth in Ontario's overall labour force is projected to slow over the long term, from a compound annual rate of 1.3% between 2010 and 2015, to 0.8% between 2015 and 2030.
- By 2030, the province's tourism sector could see a potential labour shortage of more than 88,100 full-year jobs left unfilled.
- The supply of tourism labour in Ontario could fall short of demand by 10.6% in 2030.
- Toronto could experience a potential labour shortage equivalent to 10.1% of the demand for tourism labour by 2030. The shortage of tourism labour in Ottawa and Niagara Falls during that period could reach 12% and 6.9%, respectively.
- Net international immigration to Ontario is expected to increase from 112,908 in 2010 to 146,668 in 2030.

FAST FACTS—Canada

- The tourism sector in Canada is facing a potential labour shortage of 228,500 full-year jobs by 2030, leaving 10.7% of potential labour demand left unfilled.
- Food and Beverage Services is projected to face the largest potential shortage among all tourism industry groups, at 136,700 full-year jobs by 2030. Four of the tourism occupations expected to be hit hardest by labour shortages are in this industry.
- Ontario, B.C. and Quebec are the provinces facing the largest shortfall in tourism labour, but the Atlantic provinces could endure the most acute shortages as a percentage of overall demand.
- Tourism stakeholders have identified urgent issues the tourism sector and all levels of government must address in order to proactively respond to potential labour shortages. For further details, please view the full Tourism Labour Supply and Demand report at: www.cthrc.ca

ABOUT THIS STUDY

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

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



This project is funded by the Government of Canada 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.

The full report, national and provincial summaries are available at: www.cthrc.ca

For more information contact: research@cthrc.ca

Copyright © Canadian Tourism Human Resource Council 2012



CANADIAN TOURISM
HUMAN RESOURCE
COUNCIL