



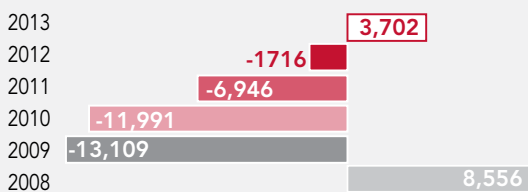
THE FUTURE OF CANADA'S TOURISM SECTOR: ECONOMIC RECESSION ONLY A TEMPORARY REPRIEVE FROM LABOUR SHORTAGES

Canada's tourism sector is facing a potentially severe shortage of labour over the next 15 years. Canada's population is aging, causing labour-force growth to decelerate 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 recession of 2008-09 eased labour shortages in Canada, providing a temporary reprieve from the tight labour markets seen in the years leading up to the downturn. But as economic conditions improve, labour shortages will re-emerge and worsen progressively over the long term.

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 2009 equivalent to about 13,100 full-year jobs¹. However, market conditions are expected to gradually improve in 2010 and 2011. As a result, labour shortages in the province's tourism sector are projected to return by 2013.

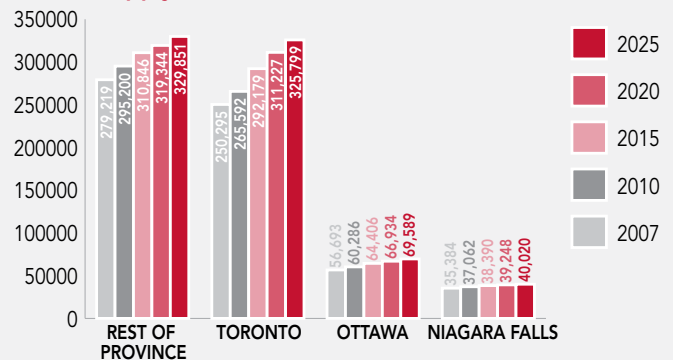
Potential Labour Shortage in Ontario 2008-2012



Despite the effects of the current economic downturn, spending² on tourism goods and services in Ontario is projected to rise from \$58.7 billion in 2007 to \$86.8 billion by 2025, fuelling the demand for labour. The potential demand for tourism labour in the province is expected to rise from about 631,600 full-year jobs in 2007 to over 845,300 by 2025.

However, the potential supply of labour in the tourism sector is projected to grow much more slowly during this period, from the equivalent of 621,600 full-year jobs in 2007, to about 765,300 in 2025.

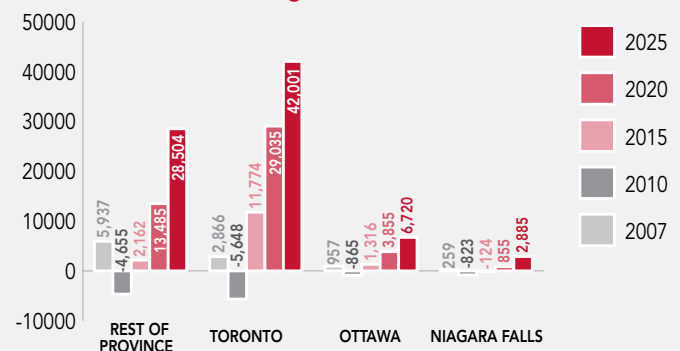
Labour Supply in Ontario



By 2025, the potential labour shortage in Ontario's tourism sector could grow to over 80,000 full-year jobs left unfilled.

In 2007, the gap between tourism labour supply and demand in Ontario was estimated to be about 10,000 full-year jobs: 2,866 in Toronto, 957 in Ottawa, 259 in Niagara Falls, and 5,937 in the rest of the province. By 2025, this shortage could potentially rise to 42,000 in Toronto, 6,720 in Ottawa, 2,885 in Niagara Falls, and 28,500 in the rest of the province.

Potential Labour Shortages

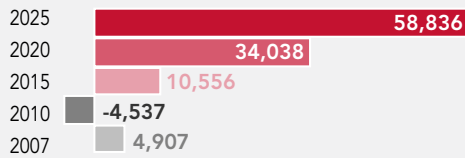


¹ For this study, a job is defined as work for the period of one year, regardless of whether it is full-time or part-time. A job may be work for 10 hours per week or 40 hours per week, as long as it is for one year. If the work is only for three months of the year, then it only counts as one-quarter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

² Real spending, 2002\$

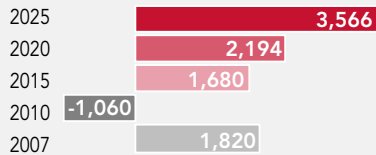
After easing in 2010, the labour shortage in the province's Food and Beverage Services industry could rise to more than 58,800 full-year jobs by 2025.

Labour Shortages in Food & Beverage Services



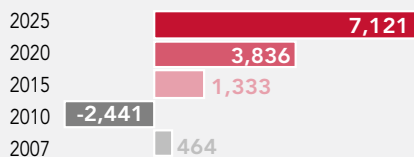
The shortage of labour in Ontario's Accommodation industry could grow to nearly 3,600 full-year jobs by 2025.

Labour Shortages in Accommodation



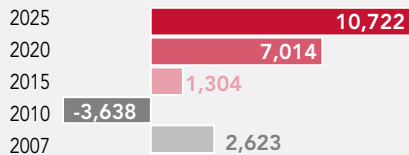
The labour shortage in the province's Transportation industry could surpass 7,100 full-year jobs by 2025.

Labour Shortages in Transportation



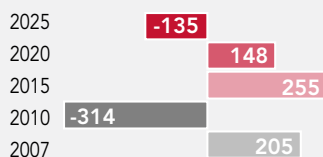
The province's Recreation and Entertainment industry could experience a shortage equivalent to about 10,700 full-year jobs by 2025.

Labour Shortages in Recreation and Entertainment



Travel Services is the only tourism industry group in Ontario not expected to see a significant 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 \$16.3 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 2008 and 2015, to 0.9% between 2015 and 2030.
- By 2025, the province's tourism sector could see a potential labour shortage of more than 80,000 full-year jobs left unfilled.
- The supply of tourism labour in Ontario could fall short of demand by 9.5% in 2025.
- Toronto could experience a potential labour shortage equivalent to 11.4% of the demand for tourism labour over the next 15 years. The shortage of tourism labour in Ottawa and Niagara Falls during that period could reach 8.8% and 6.7%, respectively.
- Shortages in Ontario are projected to be most acute in Food and Beverage Services.

FAST FACTS—Canada

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

ABOUT THIS STUDY

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

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



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

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

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

For more information contact: research@cthrc.ca

This is a publication of the Canadian Tourism Human Resource Council



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