



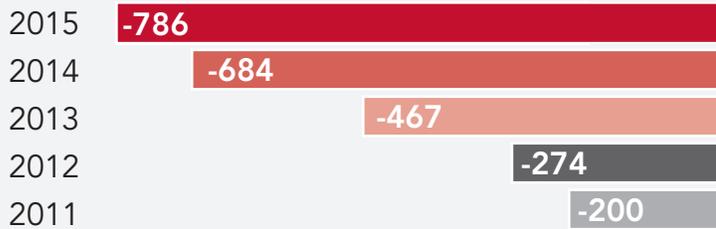
## THE FUTURE OF CANADA'S TOURISM SECTOR: SHORTAGES TO RESURFACE AS LABOUR MARKETS TIGHTEN

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, Canada's tourism sector is expected to see a shortfall of 228,500 full-year jobs.<sup>1</sup> Travel services is the only tourism industry expected to avoid labour shortages.

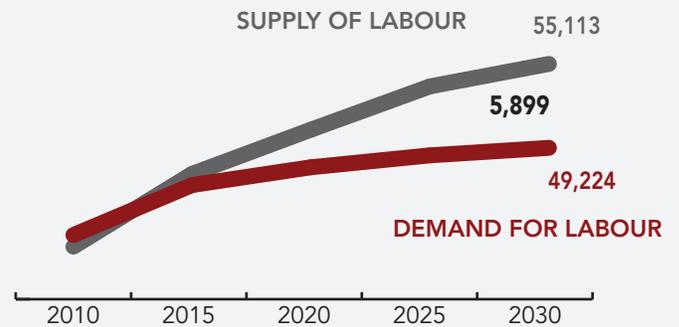
These shortages will be driven by changing demographics. Canada's birth rate is below replacement levels and its population is aging, causing a significant deceleration in labour force growth over the long term. By 2030, nearly one out of every four Canadians will be 65 years or older, up from 14% in 2010. Also, Statistics Canada's medium growth population projections show that, between 2010 and 2021, the number of people aged 15-24 will decrease by over 315,000. Over the next decade, these demographic shifts will severely challenge industries that rely heavily on young people or have a large proportion of their workforce close to retirement age.

Among the five tourism industries, travel services is the least challenged by demographic changes. In 2006, half of the travel services workforce was aged 25-44. The industry does not rely heavily on workers aged 15-24 unlike the food and beverage, recreation and entertainment, and accommodation industries. It is also not facing the large number of retirements that the transportation industry will see in the next ten years. Travel services also employs a greater proportion of newcomers to Canada than the tourism sector as a whole. Newcomers are one of the few sources of growth in Canada's labour force.

### SHORT TERM LABOUR SHORTAGE 2011-2015



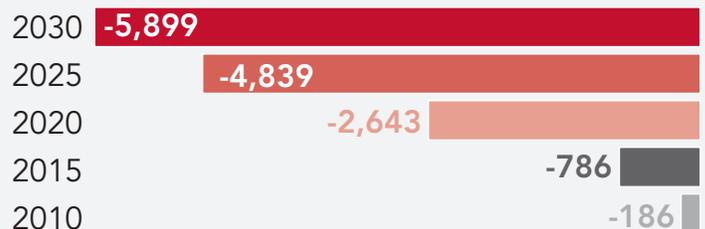
The travel services industry is expected to see a 14.2% increase in labour demand between 2010 and 2030. By 2030, demand for labour could support over 49,000 full-year jobs in the travel services industry. Labour



supply is predicted to increase by just under 13,000 (30%) reaching 55,000 by 2030.

Since growth among the demographic groups that tend to fill travel service jobs will exceed the growth in labour demand, travel service businesses should be able to find the workers needed by their expanding

### LONG TERM LABOUR SHORTAGE



<sup>1</sup>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.

industry, even when other industries will also be seeking to hire those workers.

### SHORTAGES BY OCCUPATION

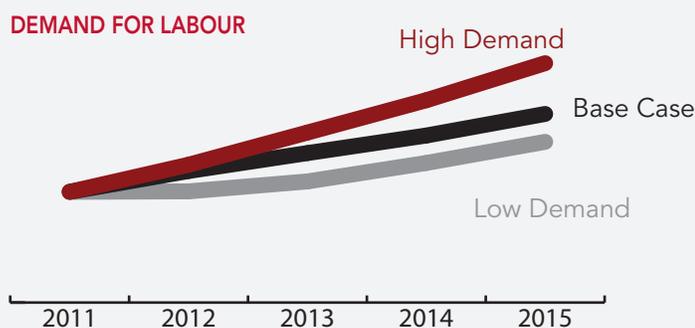
Within the travel services industry shortages are not projected for any occupation. Surpluses are expected for both travel counsellors and for retail trade managers, an occupational group that includes travel agency managers. A surplus is also expected for all other occupations that fall within travel services.

Occupation	Shortage
Retail trade managers	-812
All other travel service occupations	-2,255
Travel counsellors	-2,822

### RISKS TO THE FORECAST

Any forecast is fraught with uncertainty, and this is especially true during the current turbulent economic environment. As a result, the projections for the timing and intensity of the looming shortages may vary considerably under a different set of assumptions. In this update high demand and low demand scenarios and their affect on labour requirements out to 2015 were explored.

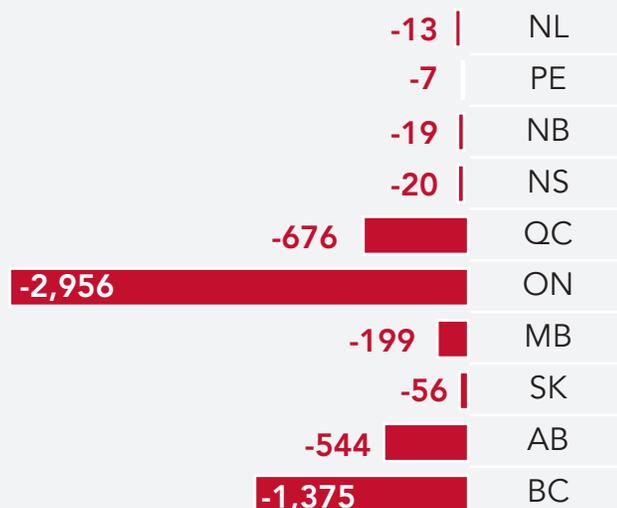
The high demand scenario was based on successfully achieving \$100 billion in tourism revenues by 2015 as outlined in Canada's Federal Tourism Strategy (FTS). In this study, the base case estimate for tourism revenues in 2015 is \$96.3 billion.<sup>2</sup> To meet the additional \$3.7 billion worth of demand for tourism goods and services forecast in the FTS, the number of full-year jobs required by the travel services industry would increase by almost 1,800. With no corresponding increase in the supply of labour, this would turn the projected labour surplus into a labour shortage. Under these conditions travel services would see a shortfall of almost 1,000 jobs by 2015.



On the other hand, a disruptive resolution to the EU debt crisis would have the opposite effect on labour demand. Under this scenario, the number of travel services jobs required in 2015 would drop from 46,617 to 45,638 compared to the base case. With this drop in demand, the travel services industry would experience an even larger labour surplus of 1,700 full-year jobs.

### SHORTAGES BY PROVINCE

Projections by province indicate that all regions of the country will experience a labour surplus to one degree or another.



The current analysis suggests that tourism labour shortages will ramp up by the middle of this decade and by 2030 will balloon to 228,000 jobs. This would leave 10.7% of potential tourism labour demand unfilled. Although travel services is not expected to face shortages, the rest of the tourism sector will be severely challenged. These shortages are not inevitable. Changes to the status quo can increase the supply of labour over the long term. It is within the power of government, industry associations and tourism businesses to reduce these shortfalls. Identifying underutilized labour pools, improving the image of tourism jobs, and increasing non-wage benefits are some of the ways to attract and retain more workers, thereby reducing shortages and allowing the tourism sector to meet its full economic potential.

<sup>2</sup>This study measures revenues in constant (2010) dollars. The Federal Tourism Strategy measures revenues in current dollars, unadjusted for inflation. To make the comparison possible, the base-case tourism demand was converted from \$85 billion (\$constant) to \$96.3 billion (\$current). Non-tourism (resident) demand is not affected in this scenario.

### ABOUT THIS STUDY

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.



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The full report and summary brochures for Canada and each of the provinces are available on the CTHRC website: [www.cthrc.ca](http://www.cthrc.ca)

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