Bottom Line:
Bridging the Labour Gap

Tourism HR Canada is a national organization working for the tourism sector in Canada, an $90 billion industry employing over 1.78 million people including over 550,000 youth. Its main goals include improving the quality and mobility of the tourism workforce and supplying tourism businesses with the labour market intelligence they need to plan for and overcome their current and future human resource challenges.

Tourism HR Canada is recognized as a global leader in setting occupational standards, building competency frameworks, developing occupational training and certification programs, conducting research into the tourism labour market, and analyzing the resulting data to plan and implement HR strategies for the industry.

Tourism HR Canada seeks to improve the quality of the Canadian labour force by providing expert analysis of the latest compensation, labour supply, and productivity data. For more information, email research@tourismhr.ca or visit tourismhr.ca.

Foreword:

Tourism HR Canada released its most recent projections of demand for tourism jobs in 2015. Those projections covered the years 2010 to 2035 and estimated that approximately 240,000 jobs would go unfilled over that period if the status quo was maintained in the labour market.

Tourism HR Canada then completed a set of hypothetical scenarios—contained in this report—showing how changes to the status quo could increase labour supply and fill many of those 240,000 unfilled jobs.

As those projections were completed, the government of Canada announced new immigration targets for 2018-2020. These new targets will see the yearly intake of immigrants rise to about 0.9 per cent of the Canadian population by 2020. Our original projections of tourism jobs going unfilled were made using the historical intake of immigrants, which was around 0.8 per cent of Canada's population. This policy change will affect the status quo in the labour market.

We feel it is necessary to address this change and its impact on our projections. A full update will require some time to complete, but we have been able to create some preliminary projections that indicate the degree to which higher immigration levels will affect the tourism labour market.

We know jobs have gone unfilled since our original projections were made. We know businesses have reduced hours, hotels have taken rooms out of circulation, and—in extreme circumstances—businesses have temporarily closed due to a lack of workers. These circumstances restrict the growth of the sector. They limit revenue and prevent jobs that could exist from being created.

We cannot undo the past, but we can look forward. Our original modelling projected 145,400 jobs going unfilled from 2018 to 2035. With immigration increased to 0.9% of the population, we expect about 85,000 of those jobs to be filled—this is beneficial, but still leaves a 60,000-job shortfall[1].

This preliminary projection looks only at the supply side (people available to fill jobs); it does not consider change to the demand side of tourism goods and services, such as the increased demand these new Canadians will themselves create or the Canadian government's new Tourism Vision, which aims to increase international overnight visitors by 30 per cent by 2021 and have Canada competing to be a top 10 international destination by 2025. These ambitious new targets will greatly increase the demand for jobs if they are met.

Additionally, the projection does not account for shifts in the relative percentages of different immigration categories (e.g., refugees or economic class).

Despite these caveats regarding this preliminary projection, we felt it necessary to address the effect the change in immigration policy would have, as it is a significant change to the labour market. Tourism HR Canada will begin work this spring on a comprehensive update of our labour projections—one that includes all factors affecting the current labour market and how they interact with each other.

---

1   Assumes new 2018-2020 immigration targets are maintained to 2035.

Bridging the Labour Gap

This report is the third in a series from the three-year Tourism Labour Supply and Demand project conducted by Tourism HR Canada and the Conference Board of Canada. In June 2016, Tourism HR Canada published the report Bottom Line: Labour Challenges Threaten Tourism's Growth. That report showed demand for tourism-related goods and services[1] in Canada has the potential to grow from $187 billion in 2015 to $287 billion by 2035. This increase in demand for tourism would support 2.29 million tourism jobs by 2035. However, tourism operators already report difficulty finding enough staff, and with demand for employees rising, the report showed the labour supply would not keep up. The projections in that study—referred to as the base-case in this report—showed 240,000 potential tourism jobs going unfilled, resulting in a loss of $27.4 billion in potential revenue.

Action must be taken to allow Canada's tourism sector to grow to its full extent. People are the backbone of tourism, and it is critical all stakeholders work together to fill the emerging job gap.

This third report builds on the 2016 analysis by looking at three scenarios that could increase tourism's labour supply; it quantifies the number of jobs that would be filled by:

1. Increasing levels of immigration and increasing non-permanent residents' transition to permanent residency

2. Increasing the attractiveness of tourism as a place of work

3. Implementing workplace literacy and essential skills training

If action is taken to make these scenarios a reality, the sector could fill a significant number of jobs that are currently part of the 240,000 job shortfall. However, it is one thing to quantify the potential impact of these scenarios, but it is another to strategically implement them as practices and policies. The full report, *Bottom Line: Bridging the Labour Gap*, examines existing tactics that businesses, industry associations and governments are using to reduce labour challenges.

Although some of these strategies are being successfully implemented, they are largely being executed in isolation, by individual businesses or local associations. To have the effect on shortages seen in this report, these efforts must be expanded and applied industry and country wide.

---

1   From all sources, tourism and non-tourism (i.e. local resident spending).
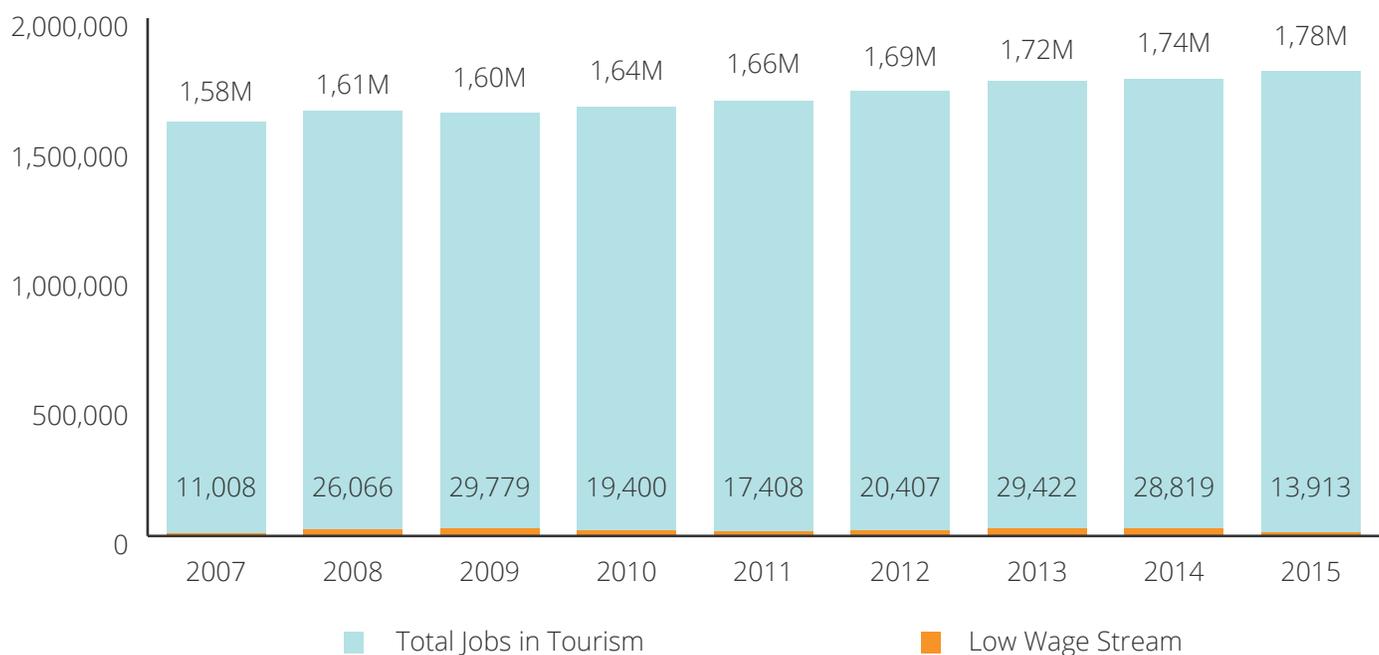
Scenario 1: Increasing Immigration to Canada

Immigrants are a significant component of the tourism labour force. Almost a quarter of tourism workers are immigrants, higher than the proportion of immigrants in the labour force as a whole.[2] Immigration is responsible for two-thirds of Canada's current population growth and will soon account for 100 per cent of population growth.[3] Any increase in the level of immigration to Canada is bound to fill additional tourism jobs. To date, some jobs that would otherwise have gone unfilled were staffed with non-permanent residents who had come to Canada via the federal Temporary Foreign Worker (TFW) Program. These workers filled a relatively small but important number of the 1.78 million jobs in tourism (see Figure 1).

This scenario has two components: the potential labour supply is increased by raising Canada's yearly intake of immigrants and by enhancing the ability of temporary foreign workers to become permanent residents.

Although TFWs were a small component of the overall workforce, tourism did rely on the program to a significant degree when compared to other sectors. Looking at the total number of TFWs by industry across all streams of the program, we see that the accommodation and food services sector was one of the heavier users of the program[4] but since 2012 has utilized the program to a much-reduced degree (see Figure 2).

Figure 1: Jobs in Tourism Sector & Number of Temporary Foreign Workers in the Low-Wage Stream[5]

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Jobs in Tourism	1,58M	1,61M	1,60M	1,64M	1,66M	1,69M	1,72M	1,74M	1,78M
Low Wage Stream	11,008	26,066	29,779	19,400	17,408	20,407	29,422	28,819	13,913

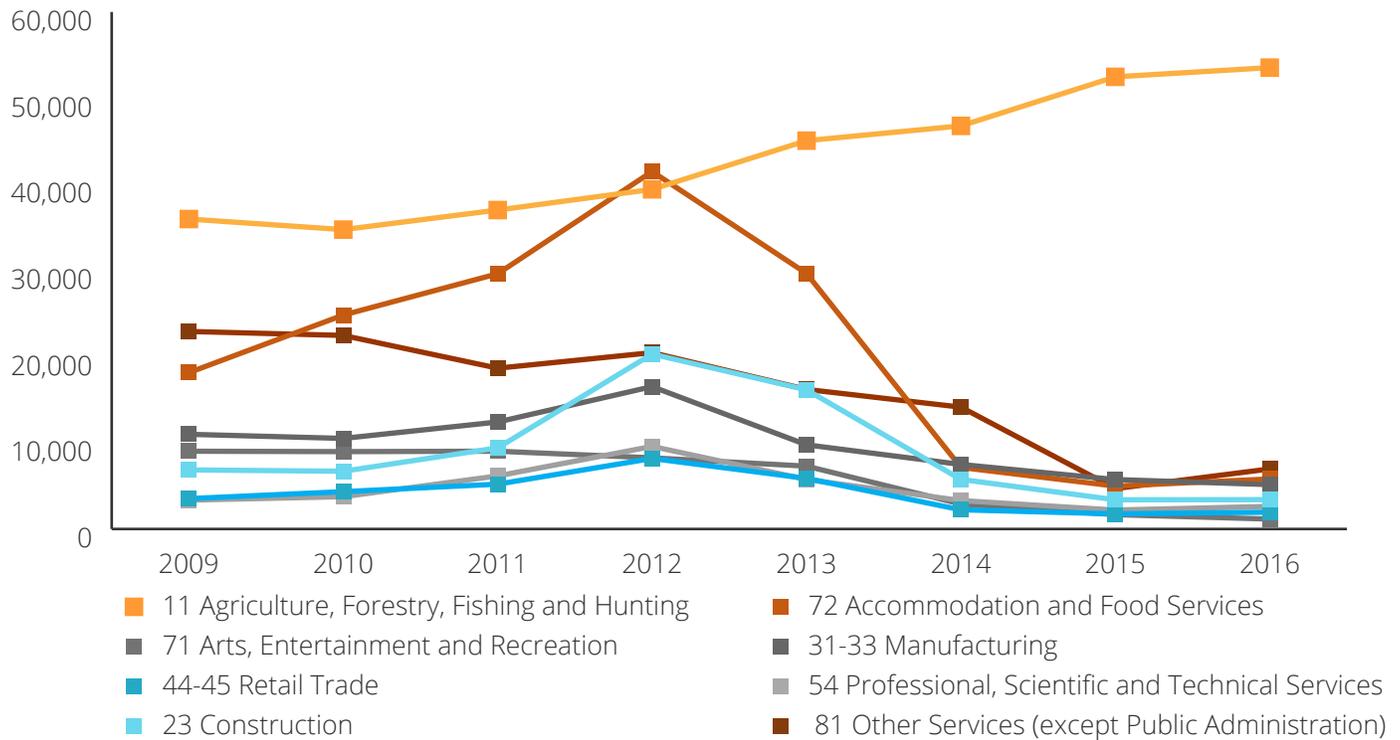■ Total Jobs in Tourism   ■ Low Wage Stream

---

2   Tourism HR Canada, *Immigrants & Non-Permanent Residents: Demographic Profile of Tourism Sector Employees*.
3   Statistics Canada, *Canadian Megatrends, Population growth: Migratory increase overtakes natural increase*. https://www.statcan.gc.ca/pub/11-630-x/11-630-x2014001-eng.htm, accessed November 17th, 2017
4   Figure 2 shows sectors that had more than 8,000 TFW positions in any given year. Sectors that utilized the program but did not have over 8,000 positions in any year between 2009 and 2016 are excluded.
5   Statistics Canada*, Provincial-Territorial Human Resource Module, 2015* & Open Government Data Portal, *IRCC Facts and Figures 2015,* 1.3. Temporary Foreign Worker Program work permit holders with a valid permit on December 31st by program, 2006 to 2015

Figure 2: Number of Temporary Foreign Workers by Sector[6]

Legend:
- 11 Agriculture, Forestry, Fishing and Hunting
- 72 Accommodation and Food Services
- 71 Arts, Entertainment and Recreation
- 31-33 Manufacturing
- 44-45 Retail Trade
- 54 Professional, Scientific and Technical Services
- 23 Construction
- 81 Other Services (except Public Administration)

It should also be noted that only a minority of foreign workers entering Canada temporarily do so through the TFW Program. Many more enter through the international mobility program that supports Canada's broad economic and cultural national interests (see Figure 3).

Figure 3: Foreign Workers Temporarily in Canada (*persons with a valid permit on December 31st*)[7]
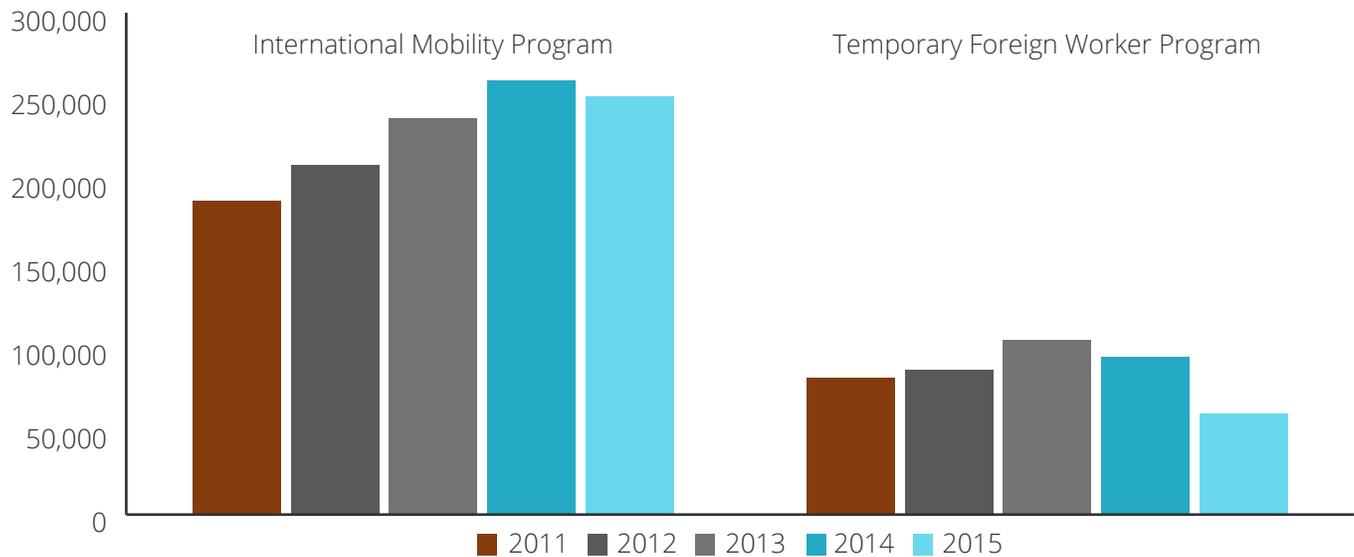
In this scenario, annual admission levels for permanent residency increase (starting in 2017) to 1 per cent of the Canadian population. This represents a significant increase over the projections for immigration used in the base-case. The base-case estimate for permanent residency in 2017 was 276,000, based on existing permanent residency levels when the projections were first made. The 1 per cent permanent residency target would increase the number of

---

6   Open Government Data Portal, IRCC, *Number of temporary foreign worker (TFW) positions on positive Labour Market Impact Assessments (LMIAs), by North American Industry Classification System* - 2002 (NAICS), by province/territory.

7   Open Government Data Portal, *IRCC Facts and Figures 2015,* 1.3. Temporary Foreign Worker Program work permit holders with a valid permit on December 31st by program, 2006 to 2015 & 1.2. International Mobility Program work permit holders with a valid permit on December 31st by gender and age, 1996 to 2015.

immigrants by 90,000 in 2017, to reach 366,000.

In aggregate, the 1 per cent Canadian population target for permanent residency would boost the total Canadian labour force by 1.3 million people over the base-case for the entire 2017–35 period. This increase would expand the supply of labour for many sectors of the Canadian economy besides tourism, but these effects are not modelled in the report.

Figure 4: Target for Permanent Residents Admitted to Canada (2017)

Target for Permanent Residents Admitted to Canada (2017)

The 2017 federal budget included a commitment to, "work on developing pathways to permanent residency for temporary foreign workers." In this scenario, the ability of temporary foreign workers (under the low-wage stream) to become permanent residents is increased. Data from Statistics Canada's Analytical Studies Branch shows that 31 per cent of temporary foreign workers (in the low-wage stream) use provincial nominee programs to become permanent residents. For this scenario, it was increased to 36 per cent.

The analysis assumed that the propensity of immigrants to work in a specific occupation would remain unchanged. As a result, occupations and industries that employ a higher percentage of immigrants would see the greatest benefit from increasing numbers of permanent residents. It was also assumed that most of the recent permanent residents coming from the temporary foreign worker stream would continue to work in the same occupation during the transition year.

These two changes to immigration policy would increase the supply of available labour significantly. The combined effect would fill 186,000 tourism jobs that are projected to go unfilled if existing labour market conditions do not change. Changes to immigration levels benefit all tourism industries (see Figure 5), particularly the food and beverage industry, which would fill 117,000 jobs due to increased immigration and 3,500 jobs from more temporary foreign workers becoming permanent residents. Changes to the TFW Program would allow the recreation and entertainment industry to fill 3,300 jobs. This increase in labour supply does leave some jobs unfilled, but at a much reduced level compared to the base-case (see Figure 6). In fact, some industries see a surplus of labour under this scenario.

Figure 5: Additional Labour Supply by 2035

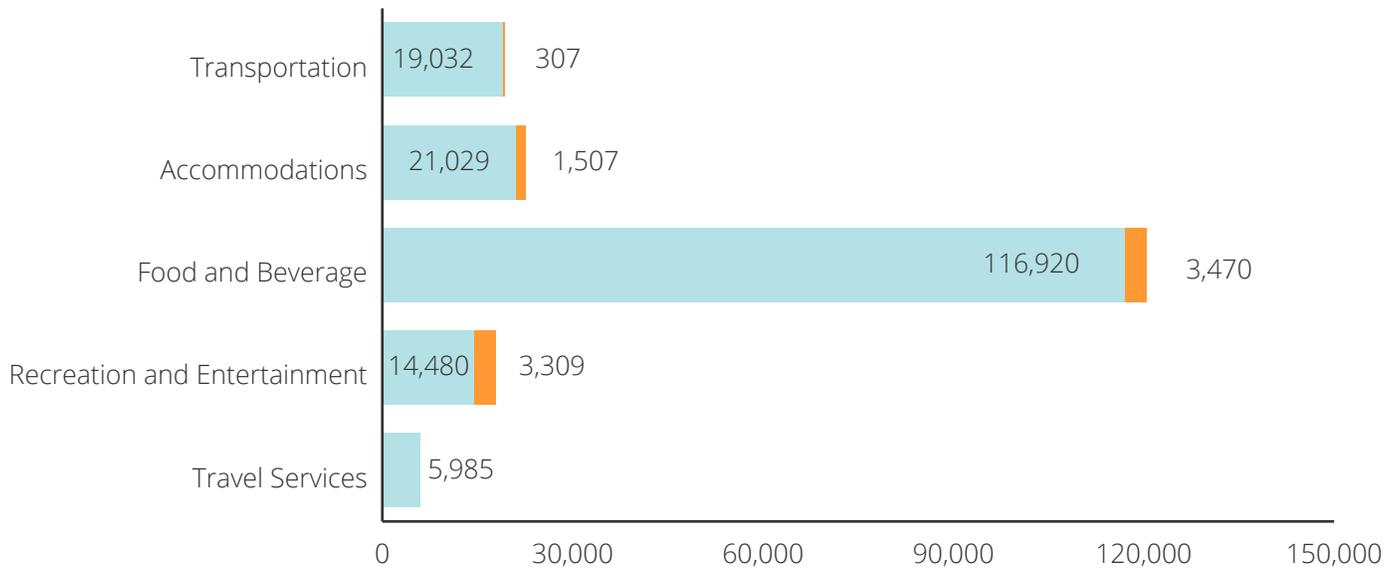|	Transportation	Accommodations	Food and Beverage	Recreation and Entertainment	Travel Services
Light blue	19,032	21,029	116,920	14,480	5,985
Orange	307	1,507	3,470	3,309	

Figure 6: Reduction in Labour Shortage Due to Enhanced Permanent Residency and Pathway to Residency from Temporary Foreign Worker Program by 2035

(Number of jobs)

		Jobs Filled Due to:		
	Base Case Shortage	Immigration	TFW Pathways	Remaining Shortfall
Transportation	24,531	19,032	307	5,191
Accommodation	29,906	21,029	1,507	7,370
Food and Beverage Services	102,257	116,920	3,470	-18,133
Recreation and Entertainment	78,545	14,480	3,309	60,756
Travel Services	4,727	5,985	0	-1,257
Total	**239,965**	**177,446**	**8,593**	**53,926**

Source: The Conference Board of Canada

By occupation, increased immigration would have the largest impact on food counter attendants, cooks, and food and beverage servers, putting them at the top of the list of 15 occupations seeing the most jobs filled. The occupations most affected by the enhanced pathway to residency from the TFW Program are food counter attendants (3,494 jobs filled), attendants in amusement, recreation, and sport (1,468 jobs filled), and landscaping labourers (1,072 jobs filled).

Figure 7: Potential Shortage Reductions from Increased Permanent Residency and Pathway to Residency from Temporary Foreign Worker Program—Top 15 Occupations

(Number of jobs)

	Permanent Residency (A)	Pathway for TFWs (B)
Food Counter Attendants and Kitchen Helpers	32,914	3,494
Cooks	19,046	33
Food and Beverage Servers	14,700	-
Restaurant & Food Service Managers	12,531	-
Cashiers	11,863	200
Chefs	8,103	212
Food Service Supervisors	7,130	-
Light Duty Cleaners	5,816	-
Hotel Front Desk Clerks	3,568	447
Bakers	3,712	-
Program Leaders and Instructors in Recreation and Sport	3,566	-
Delivery drivers	3,555	-
Taxi and Limousine Drivers and Chauffeurs	3,083	-
Retail Trade Managers	2,833	-
Pursers and Flight Attendants	2,682	4

Source: The Conference Board of Canada

Note: These specific occupations include jobs in the food and beverage services, accommodation, and recreation and entertainment industries, where applicable, combined.

In several occupations, the shortfall is eliminated entirely, including light duty cleaners, food and beverage servers, and accommodation service managers.

The original projections had a targeted intake of 276,000 immigrants in 2017. This was in line with the recent historical intake of immigrants, which was around 0.8 per cent of Canada's population. In the hypothetical modelling, immigration increased to 1 per cent of the Canadian population per year, starting in 2017 and continuing to 2035. Since the initial base-case modelling, the government of Canada set an immigration target of 300,000 for 2017 and, on November 1st, 2017, announced targets for 2018-2020. The newly announced immigration targets fall between our base-case and hypothetical modelling. Under the newly announced targets, by 2020 immigration intake will be roughly 0.9 per cent of the Canadian population. This increase will be a significant help to the sector in finding workers. It will not fill all job shortages, but it is a considerable improvement.

Figure 8: Immigration Targets by Year[8]:

	2017	2018	2019	2020	Share
Original Immigration Scenario	276,000	278,000	281,000	284,000	0.8%
1% Immigration Scenario	366,000	369,000	373,000	376,500	1.0%
New Immigration Intake	300,000	310,000	330,000	340,000	0.9%

Source: The Conference Board of Canada

It will be important to ensure all regions of Canada, and new Canadians themselves, benefit from these changes. The most acute shortages in tourism are seen in Atlantic Canada, rural areas, and remote communities. Programs that ensure immigrants move to all regions of the country—such as the Atlantic Immigration Pilot—help ensure the new targets benefit the entire sector.

Immigrants also need opportunities to learn or augment skills that will help them thrive in Canada. Particularly for refugees (of whom there could be 53,200 in 2020), skills and second language training can help them work and succeed in service-oriented industries that otherwise have low barriers to entry.

---

8   Statistics Canada *Population Projections, Projected Population Scenario M1.* http://www5.statcan.gc.ca/cansim/a47

Scenario 2: Making Tourism Jobs Attractive

If workers find an industry attractive, they will choose work in that industry over others. A survey conducted by the Conference Board of Canada for this project, asked a group of 2,030 Canadians how likely they were to recommend a career in tourism to their family and friends.[9] It was assumed that those who were likely to recommend tourism as a career found the industry more attractive.

Interestingly, people who had worked in the tourism sector were more likely to recommend it than those who had never worked in tourism (see Figure 9). In other words, people who work in tourism hold it in higher regard as a place of work than those with no experience in the sector. Since 73 per cent of people reported they had never worked in tourism, they represent a large pool of potential workers. If this group's perception of tourism as a place of work could be improved, they could be attracted to the sector and fill positions that are currently part of the 240,000 job shortage.

Figure 9: Survey Responses to "Would you recommend a career in tourism to family of friends?"

Answered "YES"

All Respondents 62%

Had Worked in Tourism 69%

To determine how many potential people could be brought to the sector, it was necessary to assume that increasing the likelihood of recommending a career in tourism to family and friends would also translate to a higher likelihood of personally working in the sector.

For the modelling to be reasonable, conditions were implemented that limited the number of potential people who would move to tourism. It was assumed that workers who were already in a career path were unlikely to switch jobs. Therefore, tenure cut-offs (adjusted for age group) were established. For example, anyone aged 24 to 44 who had been in their current job for more than 121 months, was considered unlikely to move to a new position, regardless of attractiveness.

Another condition was wage rates. It was assumed that potential workers would only consider tourism jobs that paid at least as much as alternative positions. In other words, a worker earning $25 per hour would only move to tourism for equivalent pay and would not move to a $15 per hour tourism occupation.

With these limitations in place, a general shift in the perception of tourism as a place of work could fill 165,000 jobs that are currently in shortfall, with industries that pay higher wages benefiting the most. Creating a general shift in the mood of Canadians is a very broad undertaking. Identifying specific areas of negativity regarding tourism and working to shift those perceptions is a more plausible undertaking.

Based on responses to the 2016 survey, it is evident that respondents' willingness to recommend work in the tourism sector to family and friends is closely tied to their own perceptions of work in the sector. The survey found three

---

9   For complete results of the survey, see the report: *Bottom Line: Perceptions of Tourism Employment* http://emerit.ca

key areas of difference between those who found the sector attractive and those who did not: those who would not recommend tourism as a place of work were less likely to see tourism as a place offering advancement opportunity, a place offering valuable work experience, and a place where employees are appreciated by management.

Figure 10 illustrates the difference in the average rating of these factors among respondents who overall either recommended or did not recommend a career in tourism to family and friends—a higher score indicates a more favourable rating. Respondents who recommended a career in tourism to family and friends rated the tourism sector more favourably on these key factors.

Figure 10: Attractiveness of Working in the Tourism Sector
(Average of responses on a range from 1 for "fully disagree" to 5 for "fully agree")

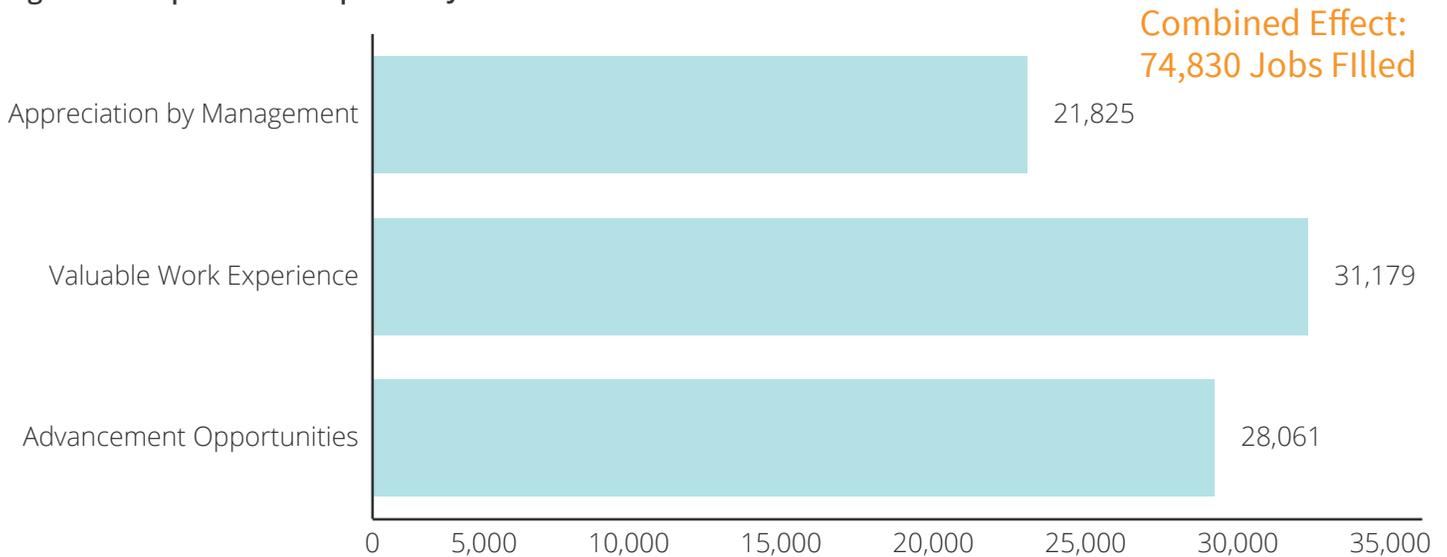| Would you recommend a career in tourism to family and friends?	Yes (n = 1,263)	No (n = 767)	Statistically significant* (5% level)
Advancement opportunities			
Working in tourism provides good opportunities for career advancement.	3.67	3.10	Yes
Being appreciated by management			
Tourism workers are appreciated by their employers.	3.46	2.94	Yes
Valuable work experience			
Working in tourism provides valuable work experience.	4.17	3.78	Yes
Working in tourism provides work experience that is helpful for opening a business.	3.89	3.52	Yes

Source: The Conference Board of Canada

If we increase the number of people perceiving tourism as a place offering valuable work experience and advancement opportunities and a place where employees are appreciated by management, more people will choose to work in the sector, reducing the baseline shortage. The modelling found that solid gains in the supply of labour could be achieved by conservative gains in perceptions. In fact, a five-percentage point increase in the share of potential employees that perceived tourism occupations favourably across those three characteristics would increase the labour supply for tourism occupations by nearly 75,000 jobs in 2035.[10]

The modelling showed that making headway on any of these three areas would fill anywhere from 21,800 to 31,200 jobs. The combined effects of these three strategies would reduce potential shortages by 30 per cent, leading to an extra 75,000 tourism jobs being filled.[11]

---

10   The degree to which improving the perception of these factors could stimulate additional supply of labour was determined through a logistic regression model. The logistic regression model identified the likelihood that a respondent recommended work in the tourism sector to family and friends as a function of the rating based on three key factors. In particular, each sub-scenario assumed the share of respondents answering "fully agree" and "agree" would increase 5 percentage points across each of the three factors.

11   The combined effect of improving the perceptions in all three areas resulted in a lower likelihood of recommending a tourism career than the sum of the three individual factors. This happens because the three factors are not completely distinct.

Figure 11: Improved Perceptions = Jobs Filled

Combined Effect:
74,830 Jobs FIlled

Appreciation by Management	21,825
Valuable Work Experience	31,179
Advancement Opportunities	28,061

The more dramatic changes would be seen in industries where a high proportion of occupations pay relatively high hourly wages, such transportation. However, significant gains in the labour supply can be achieved in all tourism industries by increasing the attractiveness of working in the sector (see Figure 12).

Figure 12: Overall* Effect of Increased Attractiveness on Labour Shortage, 2035

(Number of jobs by industry)

	Initial Shortage	Shortage with Increased Attractiveness	Reduction	Per Cent Reduction
Transportation	24,531	-3,718	28,249	100.0%
Accommodation	29,906	20,991	8,915	29.8%
Food and Beverage Services	102,257	79,010	23,247	22.7%
Recreation and Entertainment	78,545	67,450	11,095	14.1%
Travel Services	4,727	1,402	3,325	70.3%
Total	239,965	165,135	74,830	31.2%

Source: The Conference Board of Canada
*Combined effect of valuable work experience, being appreciated by management, and advancement opportunities

Effect on Occupations

The occupations that would experience the greatest reduction in potential labour shortages, if perceptions were improved, would be bus drivers and subway and other transit operators. The shortage of food-counter attendants and kitchen helpers—the occupation with the largest shortage in the base-case projections—would decrease by almost 5,200 jobs. (See Figure 13.)

Figure 13: Overall* Effect of Increased Attractiveness on Jobs in Top Five Occupations, 2035

(Number of jobs)

	Initial shortage	Shortage with increased attractiveness	Reduction of shortage	Per cent reduction
Bus drivers and subway and other transit operators	2,552	-2,799	5,351	100.0%
Food-counter attendants and kitchen helpers**	53,994	48,799	5,195	9.6%
Restaurant and food service managers	2,825	-841	3,666	100.0%
Food and beverage servers***	7,787	4,416	3,372	43.3%
Cooks***	18,992	15,798	3,194	16.8%

Source: The Conference Board of Canada

*Combined effect of valuable work experience, being appreciated by management, and advancement opportunities

**Includes food-counter attendants and kitchen helpers in the accommodation, food and beverage service, and recreation and entertainment industries combined

***Includes workers in the accommodation and food and beverage service industries combined

Scenario 3: Impact of Workplace Literacy and Essential Skills Training

In 2011, Social Research and Demonstration Canada (SRDC) conducted a study on the effectiveness of literacy and essential skills training in the workplace, resulting in the report *Upskill: A Credible Test of Workplace Literacy and Essential Skills Training*. While Canada ranks around average in literacy scores, it also has a high proportion of its population at the high and low ends of literacy. Higher literacy is associated with improved outcomes on employability, wages rates and reliance on income support programs. Over 75 per cent of those with low literacy are employed during the year[12], making the workplace a location to reach Canadians with training that raises literacy and essential skills and improves labour force outcomes.

Prior to the SRDC report, it was difficult to quantify the outcomes of employee training, particularly on aspects related to workplace productivity. SRDC addressed this gap with a randomized control trial design experiment, conducted with 88 participating companies, most of them hotels. Employees in the program group received up to 40 hours of on-site training during their working hours. Employees in the control group did not receive training. The workplace-related outcomes of the two groups were then compared, controlling for other factors that might influence employee productivity and employee turnover. The occupations in the study were food and beverage server, hotel front desk clerk and light-duty cleaner (housekeeper).

The results showed an increase in productivity on the employee's core job and administrative tasks (see Figure 14). Supervisors also benefitted, largely due to reduced errors by the staff they managed.

Figure 14: Impact of *Upskill* Training on Staff Efficiency

(Time saved on tasks)

	Housekeeping	Front desk	Server (accommodation)	Server
Core jobs (minutes saved per shift)	7.8	20.8	14.7	14.7
General administration (hours saved per week)	0.6	0.7	0.3	0.3

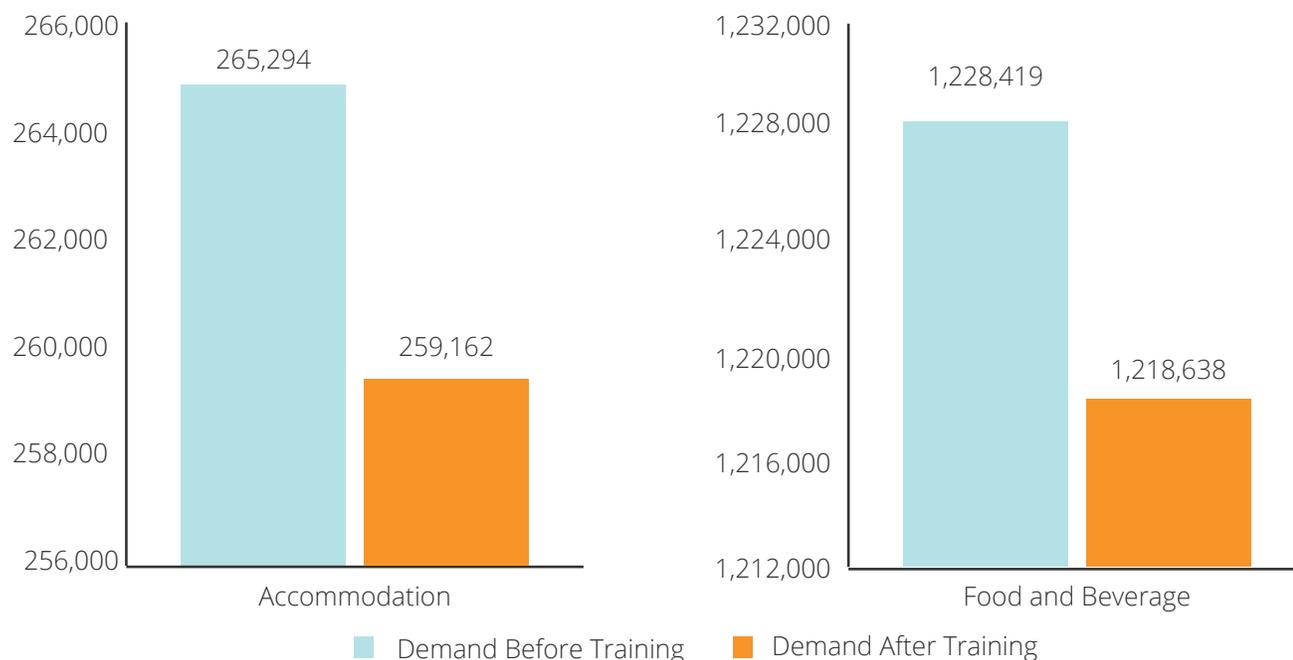Source: The Conference Board of Canada

As productivity increases, fewer employees are needed to accomplish the same amount of work. Small employers may not be able to reduce staff numbers, but still benefit by having more effective employees who will have time to take on extra tasks. For large employers, and certainly at the industry level, the effect should be observable, because the same level of customer demand could be serviced by fewer workers. This reduction in the demand for labour would benefit the tourism sector by reducing potential labour shortages. The scenario quantifies how a broadly implemented workplace literacy and essential skills training program could reduce labour shortages by increasing productivity in the accommodations and food and beverage services industries.

The logistical challenge of ensuring 100 per cent of all employees in these occupations receive training aside, the scenario highlights the extent of possible benefits. To quantify the role that training could have on long-term potential labour shortages, adjustments were made to correspond with changes in the demand for labour at the occupational level. The degree to which these adjustments were made was proportional to the level of productivity improvement for both workers receiving training and their supervisors.

When the productivity benefits associated with employees and supervisors were incorporated to reflect proportional changes in the level of tourism labour demand, the impact was significant. Overall, by 2035, the demand for labour in the accommodation industry would be reduced by 6,132 jobs from the base-case. In food and beverage services, literacy and essential skills training would reduce long-term demand in food and beverage services by 9,781 jobs, or 0.8 per cent, by 2035.

---

12   Social Research and Demonstration Canada, *Upskill: A Credible Test of Workplace Literacy and Essential Skills Training*.

Figure 15: Change in Labour Demand

	Accommodation
Demand Before Training	265,294
Demand After Training	259,162

	Food and Beverage
Demand Before Training	1,228,419
Demand After Training	1,218,638

Demand Before Training ☐   Demand After Training ☐

Shortage Reduction by Occupation

The benefits of reducing the demand for labour through increased productivity would have a significant impact on reducing the number of jobs in shortfall. Specifically, labour shortages in the accommodation industry could be reduced 20.5 per cent. In food and beverage services, literacy and essential skills training would eliminate long-term labour shortages for food and beverage servers and reduce the shortage of food service supervisors by 4.0 per cent. In aggregate, workplace literacy and essential skills training was estimated to reduce shortages in the tourism sector by over 16,700 jobs (see Figure 16).

The *Upskill* report also suggested there are additional benefits of literacy and essential skills training, associated with a reduction in voluntary turnover. Overall, turnover was reduced by a reported 8.5 per cent; however, the results were not occupation specific and assumed to affect all occupations taking the training equally.

Figure 16: Effect of Training and Turnover Reduction on Potential Labour Shortages

	Shortage before training	Shortage after training	Reduction in shortage
Accommodation			
Accommodation service managers	1,358	924	32.0%
Food and beverage servers	919	0	100.0%
Hotel front-desk clerks	6,278	3,146	49.9%
Light-duty cleaners	5,070	2,609	48.5%
Food and beverage services			
Food service supervisors	10,796	10,367	4.0%
Food and beverage servers	6,868	-2,484	100.0%

Source: The Conference Board of Canada

Supply Gains Needed to Offset Increased Demand

Canada has recently set forth a new tourism vision: it plans to build on the success achieved in 2016, a year that saw 19.9 million international visitors to Canada, just short of the record high established in 2002. The new vision aims to increase international overnight visitors by 30 per cent by 2021, and have Canada competing to be a top 10 international destination by 2025.

These targets are well above the expected level of demand from international tourists in the base-case scenario that was built using long-term economic outlooks. A small modelling exercise was undertaken to identify the implications of achieving these new targets. The new modelling compares the new targets to the existing base-case for the relevant year (2021 and 2025). As all new demand in these targets comes from international visits, the degree to which each tourism industry depends upon foreign demand as a percentage of its revenue stream creates unique demand dynamics.

Target 1: 30 per cent increase in overnight international visitors.

Canada's new tourism vision aims to increase overnight international visitors by 30 per cent between 2016 and 2021. The difference between the base-case and the target was assumed to gradually ramp up in 2017 and peak by 2021. An analysis beyond 2021 was not carried out.

Isolating the difference between this target and the assumption used to develop the base-case projections suggests international visits would grow by an extra 2.4 per cent per year. Using the ratio from the base-case analysis, it is assumed that this increase would translate into 1.9 per cent per year growth in spending by foreigners at Canadian tourism businesses. This additional spending would result in the need for an additional 17,700 jobs to provide services to the customers.

Figure 17: Effect of Achieving Tourism Vision Target – Scenario 1, 2021
(*Number of jobs by industry*)

	Base-Case Labour Demand	Target 1 Labour Demand	Additional Jobs to Fill
Transportation	307,000	309,534	2,535
Accommodation	223,850	231,053	7,203
Food and Beverage Services	1,038,841	1,044,307	5,466
Recreation and Entertainment	296,690	298,984	2,294
Travel Services	58,863	59,104	241
Total	**1,925,244**	**1,942,982**	**17,738**

Source: The Conference Board of Canada

Target 2: Top Ten Destination Status

The second target in Canada's new tourism vision will have Canada competing for a spot as a "Top 10" destination (in terms of international visitor arrivals) by 2025. While this target is not tied to a specific number of visits, the 10th most visited destination of 2016 was Thailand, which experienced 32.6 million international visits. Conservatively, if this threshold level does not increase, a "Top 10" destination would need to receive at least 32.6 million visits in 2025[13]

The difference between this target and the assumption used to develop the base-case projections of tourism demand suggests international visits would grow by an extra 2.5 per cent per year to meet the new target. Based on the relationship between visits and expenditures from the base-case analysis, it is assumed that this increase would translate into an additional 2.4 per cent per year growth in foreign demand (spending by foreigners on Canadian tourism products and services). To meet the needs of these additional tourists, 64,600 jobs will be required (see Figure 18).

Figure 18: Effect of Achieving Tourism Vision Target – Scenario 2, 2025

(*Number of jobs by industry*)

	Base-Case Labour Demand	Target 2 Labour Demand	Additional Jobs to Fill
Transportation	320,347	329,348	9,002
Accommodation	235,314	261,453	26,139
Food and Beverage Services	1,087,344	1,107,680	20,335
Recreation and Entertainment	317,582	325,806	8,224
Travel Services	61,942	62,846	903
Total	**2,022,529**	**2,087,132**	**64,603**

Source: The Conference Board of Canada

While the target of increasing overnight international visits by 30 per cent between 2016 and 2021 is the more modest goal, it still increases labour demand nearly 1 per cent by 2021. Without any additional increase in labour supply, the 17,738 additional jobs demanded in 2021 are projected to add the base-case shortage and boost potential shortages 12.5 per cent.

The target of Canada becoming a "Top 10" destination by 2025 is less modest. It is estimated that achieving this target will boost labour demand in 2025 by 3.2 per cent. Once again, without any additional increase in labour supply, the 64,603 additional jobs demanded in 2025 are projected to add to the base-case shortage.

Achieving these targets is a laudable goal, and achievable, but not without a great deal of hard work—and an executable strategic approach to bringing more qualified workers into the tourism sector.

The growth of available talent to support Canada's "Top 10" destination status will require a coordinated effort on the part of governments and businesses across the country. Tourism HR Canada has looked at multiple scenarios for reaching employment targets. Some tactics require the direct involvement of governments and existing policies, others the collaboration of different tourism stakeholder groups.

What Is to Be Done? Strategies to Pursue to Reduce Labour Challenges

No single entity is responsible for allowing tourism to grow and become the sustainable economic driver that it can be. It is a shared responsibility of government, industry and business. It can be done. Actions are being taken, but often in isolation, and should be expanded upon. Current increases in immigration levels will certainly help, by boosting the supply of labour, but at the same time, actions taken to raise tourism visitation rates will drive demand as well.

This report has shown how widespread training initiatives and making the sector more appealing as a place of work could offset this, but it is one thing to quantify the impact in a hypothetical scenario—concrete actions must be taken if they are to come about. Research can identify problems such as jobs going unfilled and demonstrate the extent to which they can be resolved, but it remains a first step. Steps must be taken to bring into being programs that help fill the jobs available in tourism.

Tourism HR Canada has been creating projections of labour supply since 2007, and in that time little has changed. We continue to project labour shortages. Despite good work being done, it has not been enough, and more resources must be put behind coordinated efforts to bring people into the tourism labour force. When it comes to labour shortages, we have always hoped that we would be able to take action to prove our projections wrong. So far, we have been disappointed, but we are seeing hopeful signs that this may be changing as, more than ever, industry and government are working together to support tourism as a major economic driver.

There is unlikely to be a single remedy that cures all ills. Canada is not uniform. Areas with high unemployment and low labour force participation require different antidotes than those with low unemployment and housing shortages.

Regardless, it is essential to support programs that help supply new employees where needed, and help the unemployed and underemployed find well-paying, stable jobs. In 2016, Canada welcomed 20 million international visitors, the highest number since 2002. The celebration of Canada's 150th birthday, combined with a low dollar and greater international recognition of Canada as a leader on the world stage, has led to continued growth in 2017. With more effort to make tourism a destination for employment, we can ensure the sector reaches its full potential.

Tourism HR Canada is a national organization working for the tourism sector in Canada, an $90 billion industry employing over 1.78 million people including over 500,000 youth. Its main goals include improving the quality and mobility of the tourism workforce and supplying tourism businesses with the labour market intelligence they need to plan for and overcome their current and future human resource challenges.

Tourism HR Canada is recognized as a global leader in setting occupational standards, building competency frameworks, developing occupational training and certification programs, conducting research into the tourism labour market, and analyzing the resulting data to plan and implement HR strategies for the industry.

Tourism HR Canada seeks to improve the quality of the Canadian labour force by providing expert analysis of the latest compensation, labour supply, and productivity data. For more information, email research@tourismhr.ca or visit tourismhr.ca.

Canadä