

VICTORIA TOURISM BULLETIN

September 2006

Tourism Labor Shortages Becoming Critical

Tourism operators across Vancouver Island are experiencing the most challenging times recruiting and retaining quality employees. Other sectors such as construction and technology continue to drain workers from this sector. With unemployment rates at a 30 year low increased immigration may be the only solution to this growing problem.

Frank Bourree, Principal – Chemistry Consulting Group Inc.

- ◆ Air Canada reported a system load factor of 79.7% in September 2006, compared to 80.4% in September 2005.
- ◆ For the seventh consecutive year Vancouver Island wins Best North American Island at *Condé Nast Traveler Readers' Choice Award Ceremony*. Vancouver Island ranked first ahead of Kiawah, and Nantucket, in the North American Island category. Islands are rated on activities, beaches, friendliness, lodging, restaurants, and scenery, and were broken down into four geographic categories: Asia/Pacific, Caribbean/Atlantic, European, and North American.
- ◆ More than three in four (75.3%) of Canadians that took an outbound vacation trip last winter plan to take an outbound trip in winter 2006-07. Another 30% of Canadians that did not take an outbound vacation trip last winter, plan to take a trip in winter 2006-07. Nearly 2.2 million packages are expected to be sold to outbound travelers this winter or about 9% more than last winter.
- ◆ The Province and the Union of BC Municipalities announced funding for two tourism initiatives in the Comox Valley. \$79,391 in funding will go towards developing cultural and heritage tours for walkers and cyclists. A grant of \$17,300 will support the design process for the North Island Discovery Centre.
- ◆ The total outbound US leisure market is worth \$20.5 billion from which Canada captures 27%, Mexico 31% and Europe 19%.
- ◆ September Sunshine 263.5 hours (norm: 29.7 hours) ◆ September Precipitation 29.7 mm (norm: 30.4 mm)

TOURISM STATISTICS	September			YEAR TO DATE		
	2006	2005	Variance	2006	2005	Variance
Average Occupancy	77.59%	77.50%	0.09%	71.13%	70.39%	0.74%
Average Daily Room Rate	\$149.62	\$150.23	-\$0.61	\$129.54	\$128.07	\$1.47
Revenue Per Available Room (RevPAR)	\$116.10	\$116.43	-\$0.33	\$92.14	\$90.15	\$1.99
BC Ferries (Tsawwassen - Swartz Bay)						
➤ Vehicles	178,838	179,779	-0.52%	1,486,203	1,491,683	-0.37%
➤ Passengers	568,571	577,869	-1.61%	4,793,239	4,854,286	-1.26%
➤ Buses	3,657	4,015	-8.92%	26,104	28,558	-8.59%
Victoria International Airport	119,040	111,347	6.91%	1,057,672	998,454	5.93%
Victoria Conference Centre (Delegate Days)	8,490	11,365	-25.30%	66,251	68,229	-2.90%

Note: Comparative figures may vary due to an increase/decrease in the number of available rooms.

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Note: Starting in 2006, BC Ferries changed its method of counting buses and vehicles. Smaller shuttle buses are now included in vehicle counts and not in bus counts. The comparable data for 2005 has not been re-stated for this change. As a result the variances from 2005 are not reflective of the actual trend.

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Susan Mehinagic, CA, LLB, TEP

Office Managing Partner
Grant Thornton LLP
300, 888 Fort Street, Victoria, BC V8W 1H8
Phone: 250.383.4191 Fax: 250.381.4623
Email: smehinagic@grantthornton.ca

chemistry
BUSINESS & HUMAN RESOURCE CONSULTING

Frank Bourree, CMC

Principal
Chemistry Consulting Group Inc.
Phone: 250.382.3303 Fax: 250.383.4142
Email: fbourree@chemistrygroup.ca


VICTORIA LODGING RESULTS

September 2006

OCCUPANCY RATE %						
Lodging Type	Number of Rooms	September 2006	September 2005	YTD 2006	YTD 2005	
Number of Rooms						
Greater than 150	1,803	83.44%	84.18%	76.11%	75.84%	
100 - 150	757	79.22%	78.25%	71.96%	70.61%	
50 - 99	1,116	52.35%	67.56%	63.40%	62.26%	
Less than 50	356	72.34%	70.07%	67.89%	65.24%	
Location						
Downtown/Inner Harbour	2,925	80.08%	80.47%	73.73%	72.60%	
Suburban	381	78.30%	79.48%	67.86%	67.61%	
Gorge Road/Esquimalt	331	64.78%	58.46%	59.47%	60.22%	
Saanich Peninsula/Sidney	395	69.26%	64.81%	64.38%	62.18%	
Tier						
Upper	2,171	82.87%	83.46%	75.40%	74.97%	
Mid	1,287	78.12%	76.91%	71.88%	70.53%	
Lower	574	56.46%	56.49%	52.99%	53.08%	
Lodging Type						
Hotels	3,513	79.58%	79.93%	72.41%	71.52%	
Motels	519	64.16%	61.65%	62.50%	63.07%	
Total Rooms	4,032					
Average Occupancy		77.59%	77.50%	71.13%	70.39%	
ROOM RATE						
Lodging Type	Number of Rooms	September 2006	September 2005	YTD 2006	YTD 2005	
Number of Rooms						
Greater than 150	1,803	\$177.86	\$178.94	\$152.81	\$152.43	
100 - 150	757	\$118.71	\$122.51	\$105.70	\$104.78	
50 - 99	1,116	\$111.83	\$111.71	\$98.50	\$96.96	
Less than 50	356	\$169.14	\$148.24	\$140.69	\$123.14	
Location						
Downtown/Inner Harbour	2,925	\$163.08	\$163.39	\$140.21	\$139.30	
Suburban	381	\$113.70	\$113.10	\$100.03	\$98.36	
Gorge Road/Esquimalt	331	\$88.22	\$91.97	\$80.32	\$79.41	
Saanich Peninsula/Sidney	395	\$121.70	\$96.70	\$105.65	\$85.79	
Tier						
Upper	2,171	\$176.97	\$176.40	\$153.46	\$150.85	
Mid	1,287	\$120.70	\$121.77	\$104.41	\$104.35	
Lower	574	\$87.48	\$86.41	\$75.54	\$73.50	
Lodging Type						
Hotels	3,513	\$155.74	\$156.60	\$135.50	\$134.48	
Motels	519	\$98.22	\$96.20	\$83.13	\$80.73	
Total Rooms	4,032					
Average Room Rate		\$149.62	\$150.23	\$129.54	\$128.07	
REVENUE PER AVAILABLE ROOM (REVPAR)						
Lodging Type	Number of Rooms	September 2006	September 2005	YTD 2006	YTD 2005	
Number of Rooms						
Greater than 150	1,803	\$148.40	\$150.64	\$116.30	\$115.60	
100 - 150	757	\$94.04	\$95.86	\$76.06	\$73.98	
50 - 99	1,116	\$58.55	\$75.47	\$62.45	\$60.37	
Less than 50	356	\$122.35	\$103.87	\$95.52	\$80.33	
Location						
Downtown/Inner Harbour	2,925	\$130.59	\$131.48	\$103.37	\$101.13	
Suburban	381	\$89.03	\$89.89	\$67.88	\$66.51	
Gorge Road/Esquimalt	331	\$57.15	\$53.77	\$47.77	\$47.82	
Saanich Peninsula/Sidney	395	\$84.28	\$62.67	\$68.02	\$53.35	
Tier						
Upper	2,171	\$146.66	\$147.23	\$115.70	\$113.09	
Mid	1,287	\$94.29	\$93.66	\$75.06	\$73.59	
Lower	574	\$49.40	\$48.82	\$40.03	\$39.01	
Lodging Type						
Hotels	3,513	\$123.94	\$125.18	\$98.12	\$96.17	
Motels	519	\$63.02	\$59.31	\$51.95	\$50.92	
Total Rooms	4,032					
Average REVPAR		\$116.10	\$116.43	\$92.14	\$90.15	

Note: Comparative figures June vary due to an increase/decrease in the number of available rooms.

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Susan Mehinagic, CA, LLB, TEP

Office Managing Partner
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Principal
Chemistry Consulting Group Inc.
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Email: fbourree@chemistrygroup.ca

Addressing the Looming Labour Shortage

With tourism booming in British Columbia (BC), industry employers are competing for a limited supply of workers. Employers are beginning to diversify their recruitment efforts and to explore new strategies to increase retention and facilitate access to workers both inside and outside of Canada.

A discussion paper prepared for *go2 – the resource for people in Tourism* by Grant Thornton Consulting provides an overview of labour shortage issues and how existing provincial and federal foreign worker programs may be adapted to help meet the need for more labour.

Tourism BC has set goals for the industry that include doubling provincial tourism revenues by 2015 to almost \$20 billion. For an industry that is already experiencing labour shortages, a steady supply of labour will be an essential component to achieving this goal. It is predicted that approximately 84,000 additional workers will be required by 2015 to adequately meet employer demand in the tourism industry.

Recruitment is becoming increasingly difficult as the competition for workers increases, especially for those with enhanced customer service skills. John Leschyson, Director of Industry Human Resource Development for *go2*, suggests employers need a dual strategy – keep existing workers and expand recruitment efforts to target more under-represented groups such as members of Aboriginal communities, youth at risk, new immigrants, and foreign workers.

Retention is also a challenge within the industry and employers need to consider increasing efforts to:

- become known as a great place to work;
- provide development and training for front line staff, managers and leaders; and,
- change the “temporary job” perception of the industry.

Adapting new recruitment and retention strategies will help fill some of the demand for labour but will not solve the problem; additional workers will still be needed. Tourism employers will increasingly need to rely on foreign workers. Many employers utilize the foreign worker programs described below. Some components of these programs work well however, revisions and / or expansions to these programs by government are required in order to facilitate access to this pool of workers.

1. **Foreign Worker Program** permits foreign workers to obtain a temporary work permit for six months to two years, but this can be a lengthy and costly process. An employer must demonstrate that he or she has been unable to find a qualified Canadian resident before extending an offer to a foreign applicant. This can be very difficult and few applications for entry level positions are successful.
2. **Working Holiday Programs and Visas** are programs that make a limited number of work holiday visas available from Canadian embassies each year to foreigners in this home country between the ages of 18 and 30. These visas are good for four to 12 months and can be a great way for employers to fill peak season labour demands. However, visa holders are permitted to travel and work for multiple employers which can cause quick turnover rates.
3. **Student Workers Abroad Program** (“SWAP”) is similar to the Working Holiday Program as it provides a limited number of visas to individuals between the ages 18 and 35. Employers post jobs with SWAP through TravelCUTS and job seekers make applications directly to employers. SWAP assists with the necessary visa paperwork.

Like the Working Holiday program, visas granted are short-term and visa holders may work for several employers during their visit to Canada.

4. **British Columbia's Provincial Nominee Program** is designed to assist employers to fill permanent, full-time highly skilled positions with a trained professional from abroad. The program can be time-consuming and has had limited utility within the tourism industry, although a few foreign chefs and executive hotel managers have been hired through this program. Workers entering BC via this program may apply for permanent residency status.

The adoption of new recruitment and retention strategies and the expansion of foreign worker programs will go a long way in addressing the looming labour shortage. As one of BC's strongest and fastest growing industries, these efforts are essential and will ensure the continued success of tourism in the province. go2 is working with the industry and other stakeholders to address recruitment and retention issues, including adapting existing programs to make it easier for tourism business to access foreign workers.

To obtain a copy of go2's discussion paper on foreign worker programs, please view the Research and Reports section of www.go2hr.ca

Article contributed by *go2-the resource for people in Tourism*.

For more information contact:

Christine Stoneman, CMC
Principal
Chemistry Consulting Group Inc.
250-382-3303 ext 206
c.stoneman@chemistryconsulting.ca