

BANFF & LAKE LOUISE LABOUR SHORTAGE STUDY



LABOUR SHORTAGES IN THE CANADIAN TOURISM SECTOR

Despite the fact that Banff and Lake Louise have a combined population of 10,500, the region welcomes more than 3.6 million visitors annually. That means there are 340 visitors per Banff & Lake Louise resident. The number of visitors arriving in Banff National Park is up 10.4% from 2014. It should therefore be no surprise that labour shortages pose the greatest barrier for tourism in this area.

In recent years many businesses have employed temporary foreign workers (TFWs) through the Labour Market Impact Assessment (LMIA) stream to address increasing labour shortages in the tourism sector. The use of TFWs through this stream has become politically sensitive due to a small number of well-publicized cases of abuse as well as skepticism surrounding the true extent of the labour problem. This has led to additional restrictions on the program to discourage participation such as the dramatic increase in administrative fees to \$1,000 per worker.

In almost all cases it is significantly more expensive to hire a TFW than a Canadian. However, without alternative solutions to labour shortage issues, many tourism businesses are in the unenviable position of paying high premiums for TFWs when they would much prefer to hire a Canadian in order to keep their businesses open.

Increased restrictions on the TFW program may disincent its use but it does nothing to address major labour shortages. If nothing is done, the tourism sector will be left with a forecasted labour shortage of 250,000 by 2030 which will cost the Canadian economy \$31.4 billion in foregone revenues.¹

TIAC and other industry organizations have agreed that the TFW program may not be a long term solution for the industry. As a result, we are seeking to develop viable alternatives for the tourism sector. This case study is an initial step in developing sustainable solutions.

The Tourism Industry Association of Canada, Banff & Lake Louise Hospitality Association, the Hotel Association of Canada, Banff Lake Louise Tourism and the Canadian Tourism Human Resource Council were pleased to partner in this initiative.

BANFF & LAKE LOUISE CASE STUDY

There is much anecdotal evidence supporting the extent of the labour shortage, especially in remote and resort areas. However, quantifiable evidence was needed to prove not only the existence of the problem but the impact on businesses. As a comprehensive census of all 160,000+ tourism businesses in the country is a large undertaking which would have to take into account many other extenuating circumstances, we decided to conduct a case study of Banff & Lake Louise which is a small, tourism-based economy. This study provides a snapshot of the extent of labour shortages in the tourism sector as well as valuable insights for future research.

Our study consists of two parts. The first part is an online survey of 61 respondents representing 2,125 tourism employees in the Banff & Lake Louise area. The second part is a data collection exercise on staffing statistics for the month of July/2015. We focused on the month of July as it provides a good snapshot of high season in the resort area. We received data from respondents representing 45 companies and a total of 2,400 staff.



BANFF, LAKE LOUISE & ALBERTA BASICS

Population

Banff: **9,386** (2014)
8,421 permanent
965 temporary
Lake Louise: **1,200²**

Annual Visitation	3.6 million³
Tourist/ Resident ratio	340:1
Banff Area Unemployment rate:	Well below 4.8%⁴
Alberta Unemployment Rate (July 2015)	6.1
National Unemployment Rate (July 2015)	6.9

Housing

Alberta Vacancy Rate (April 2015)	3.5%
Banff Vacancy Rate	0%⁵
Average Monthly Rent for 1 bedroom apartment Banff	\$1,050⁶
Average Monthly Rent for 1 bedroom apartment Canada	\$842⁷

HIGHLIGHTS OF ONLINE SURVEY

Causes of Labour Shortages

Student school schedules and housing affordability were cited as the top barriers to hiring Canadians. Companies also told us that people just weren't responding to job postings or didn't possess the required skills.

Popular Solutions

- Tourism Sector Seasonal Worker Program,
- Immigration reforms,
- Housing subsidies

Hiring Canadians First

Most respondents list job openings in multiple places with a high rate of participation in government job bank programs:

93% posted jobs on free websites

83% posted jobs on Government websites/job banks

70% posted jobs on their own websites

64% posted jobs in Banff & Lake Louise newspapers

"I perceive the position of safely driving a highly charged team of 8 to 10 sled dogs with up to 400 lbs of tourists in the sled over variable trail conditions, a higher skilled occupation. So is piloting a raft full of tourists down a Class 4 white-water river. I would like to see certain job sectors such as these, be recognized as having a very real labour shortage situation and [Temporary foreign worker] programs be adjusted as needed to allow us to hire appropriately. It comes down to safety."
- Survey Respondent

"Went to Ontario to recruit guides from Algonquin college. We recruited 3 team members for summer 2015. It would have been 4 if we had accommodation available."
- Survey Respondent

Creative Approaches

Employers are being creative in finding labour. The most popular strategies for attracting enough labour include working with local schools and offering low-cost employee housing.

Cost of Labour Shortages

Companies are reporting that employees and management have worked in total at least **9,324 hours of overtime in July alone.**

9 respondents mentioned **concerns about safety and employee burnout** due to overtime

[Workers] need enough hours to survive and few enough to enjoy the reasons they came to Banff in the first place so that they don't resent working here. This sentiment creeps up very quickly."
- Survey Respondent

HIGHLIGHTS OF LABOUR DATA COLLECTION

Shortages

The labour shortage in Banff & Lake Louise is quantifiable.

- In the month of July there was a labour shortage of 404 people reported by respondents. This means there is a labour shortage equivalent to 17% of the existing work force represented in the survey (2,428 employees reported).
- On average, each business was short 21 workers in July
- The number of guest room attendant positions left vacant at the end of July indicated a shortfall of labour equal to the manpower required to clean 1136 guest rooms every day

TFWs

Low number of LMIA TFWs hired shows the impact of the government fee hikes for this category. Businesses are proportionately more reliant on IEC workers. Anticipated claw backs in the program for 2016 could cause significant issues.

- Of 94 foreigner workers hired only 4% were LMIAs, the rest were IEC – i.e. youth work exchange.
- Of total 250 new hires, 4 were LMIA (2%) and 91.5 (37%) were IEC



COMPENSATION

Banff & Lake Louise employers pay significantly more than minimum wage:

Alberta minimum wage (July 2015)	\$10.20
Alberta minimum wage for liquor servers (July 2015)	\$9.20
Respondent average wage for servers & bar tenders	\$9.78
Respondent average wage for Light Duty Cleaner (Housekeeper) ⁸	\$13.13
Respondent average wage for Front Desk Attendant	\$13.10
Respondent average wage for Cooks	\$15.71
Respondent average wage for dishwasher	\$12.87
Respondent average wage for sales associate	\$14.62

ADDITIONAL BENEFITS

In addition to competitive wages, respondents offered many benefits:

**PRIVATE HEALTH
INSURANCE TOP-UP**

TIPS/COMMISSION

ACCOMMODATIONS

**COMPANY
DISCOUNTS**

HOUSING SUBSIDIES

HEALTH BENEFITS

**ENGLISH AS A
SECOND LANGUAGE**

FREE/ DISCOUNT

BONUS MEALS

TEMPORARY FOREIGN WORKER PROGRAM: IMPERFECT BUT NECESSARY SOLUTION

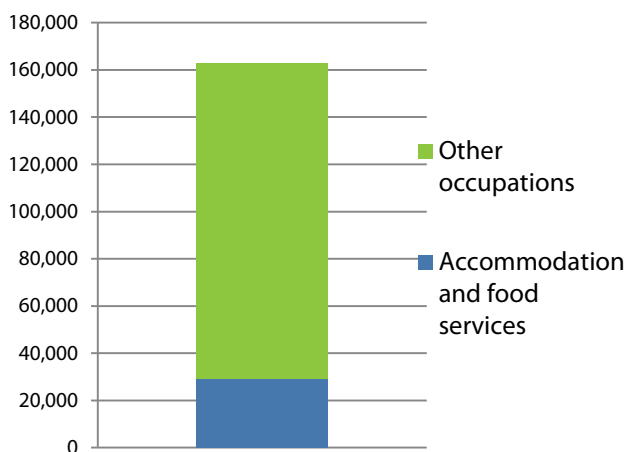
The Temporary Foreign Worker Program allows Canadian employers to hire foreign workers on a temporary basis to fill labour gaps. Many Canadian travel businesses rely on the TFWP to keep their doors open. Foreign workers are a vital source of labour especially, but not limited to, remote parts of the country. Not only are these businesses having difficulty finding employees, in many cases they have trouble even finding applicants.⁹

An employer study conducted by the Canadian Federation of Independent Businesses found that 68% of employers reported that the cost of hiring a TFW is higher than hiring a Canadian.¹⁰ For each TFW the employer must: pay \$1000 program fee, pay for transportation to and from home country, and conduct an activity that would support the TFW's permanent transition to Canada (ex. language training).¹¹ According to a recent survey, 73% of employers recruited beyond their region and 72% increased wages before resorting to hiring a TFW.¹²

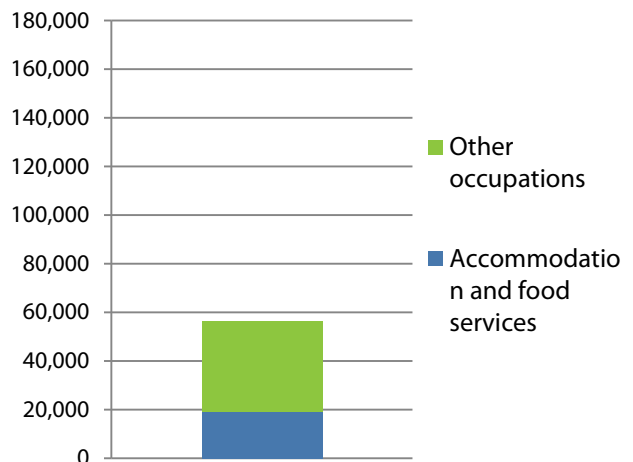
TFW Statistics (2013)

On December 31, 2013 TFWs made up 1.74% of Alberta's workforce – much higher than national average of 0.55%. Once TFW tightening regulations are in full effect by 2016, it is projected that there will be a reduction of 16,278 foreign entries – Alberta is expected to bear the brunt by seeing a reduction of 8,407 – more than half the national total.

TFW POSITIONS (CANADA)



TFW POSITIONS (ALBERTA)



****Banff, Total TFWs 460¹⁵**

RECOMMENDATIONS



STOP GAP MEASURES

TFW Tourism Stream

Among the solutions we are exploring is a seasonal worker program which would be based on the Hotel Association of Canada's proposed "Hotel and Lodging Worker Program" but could also include other tourism related occupations. The results of this survey and additional labour statistic data collected by the Banff & Lake Louise Hospitality Association during the months of May to October, 2015 provide for an evidence-based case that will be presented to the federal government to run a pilot project for tourism seasonal workers in Banff & Lake Louise from May 2016 through September 2016.

Moving Some Specific Occupations into the Skilled Labour Category

Our surveys show that there is growing frustration with the categorization of some tourism jobs. Specialized work such as dog mushers, foreign language tour guides, rafting guides and other experiential occupations are categorized as low-skilled workers. Having experienced and skilled employees in these occupations not only enhances people's travel experiences but in many cases ensures the safety of guests. These occupations should be moved out of the TFW low skilled category and be considered skilled TFWs.

Housing Investment & Subsidies

When we think of affordable housing issues, it is normally in the context of low-income urban housing. However, the Banff case study clearly shows that demand for affordable housing is also impacting small, tourism dependent communities. We need to expand our definition of affordable housing to ensure all communities are able to operate at their full economic potential.

Through the federal-provincial partnership on affordable housing, we should consider expanding CMHC's Investment in Affordable Housing (IAH) beyond Canadians in need to include remote locations with low unemployment rates. Currently through this program, agreements with the government of Alberta focus on housing subsidies and developments for seniors and those living in "eligible units".¹⁶ This program should expand towards infrastructure investments that will provide physical units for affordable housing, to help drive down the artificially raised price of rental units.



STOP GAP MEASURES

Changes to International Experience Canada (IEC /Work Holiday) Program

It was reported that the previous government had planned on reducing the number of International Experience Canada (IEC) applicants to Canada starting in 2016.¹⁷ IEC workers were often cited by respondents to our survey as the hardest workers and most qualified applicants. As IEC employed workers are more numerous in Banff & Lake Louise tourism businesses than hires from the regular TFW stream, the inability to hire will only lead to a greater labour shortages in the upcoming 2015-2016 high seasons. We encourage the government to maintain the IEC program for applicants from qualified countries, through a specialized tourism stream if necessary.

Subsidies for Public Transport

One of the disadvantages of the Banff housing crisis is the development barriers due to its location in a National Park. As such, investment in daily, reliable transportation to and from Banff for workers might alleviate some pressure on workers in finding affordable housing, as well as expand the market of employees for Banff businesses. A transportation network to the communities that are outside of the Park (Canmore, Kananaskis, Stoney Nakoda First Nation, Cochrane etc), even as far as Calgary, could be done through coordinated efforts between different levels of government and industry and under the new government's infrastructure investment mandate.



LONG TERM SOLUTIONS

Immigration Reform

The Hotel Industry of Canada (HAC) has called for the government to provide a pathway to citizenship for lower skilled workers as a long term solution to the labour shortages in their industry. In fact, all industries within the tourism sector would benefit from these reforms. In the absence of available Canadian workers, many tourism employers report having to rely on TFWs.

However, low skilled temporary foreign workers – even if they have access to a permanent job and have a clean record during their previous stays in Canada – are not eligible for the economic immigration streams in Canada. The Canadian Experience Class and the Federal Skilled Worker Program do not allow low skilled applicants.

Modeling by the Conference Board of Canada suggests that accelerating the pace at which new immigrants enter the tourism workforce, and increasing the attractiveness of entry-level occupations by just 1% per year each over the coming decade could alleviate up to 85% of the projected labour gap. Immigration policy should work to pair workers who have proven track records and Canadian work experience with employers who have difficulty finding Canadian workers and are able to provide these potential immigrants with full time jobs as soon as they arrive – even if those jobs are “low-skill.”

Expanding and Increasing Awareness of Provincial Partnerships

Many provinces have dedicated programs to help employers attract and retain employees. Expanding these programs and spreading greater awareness to the businesses in areas with low unemployment rates/signs of a labour shortage would be an effective solution for provinces. Ontario is an example of these programs, with a workforce participation grant available for businesses to help attract and maintain a labour force, as well as a partnership with industry to do continued labour market research.

Guaranteed Annual Income:

Experts say that a Guaranteed Annual Income may be key to incentivizing people to work. When working, even just part time or seasonally, the benefit will decline but not disappear as EI benefits often do. This always leaves an incentive to work.¹⁸ A GAI may be a solution to incentivizing Canadians to work low-skilled, seasonal jobs that they may generally ignore in favour of looking for higher income work.

FOOTNOTES

1. Canadian Tourism Human Resource Council (2013). The Future of Canada's Tourism Sector -2012 Update. P 27.
2. <http://www.banfflakelouise.com/Media-Relations/Facts-and-Figures-about-Banff-National-Park>
3. <http://calgaryherald.com/news/local-news/banff-national-park-records-highest-number-of-visitors-in-15-years>
4. Unemployment for Banff-Jasper-Rocky Mountain House and Athabasca-Grand Prairie Peace River, Alberta is 4.8%. This employment region includes many regions dominated by the oil and gas sector so the unemployment rate is more reflective of the oil and gas sector than tourism in towns like Banff and Jasper
5. <http://www.cbc.ca/news/canada/calgary/banff-cracking-down-unlicensed-vacation-properties-1.3045377>
6. <https://www.banff.ca/index.aspx?NID=166>
7. http://www.cmhc-schl.gc.ca/odpub/esub/64725/64725_2015_B01.pdf?fr=1443626107069
8. Please note that we received low response rates on this question
9. Canadian Tourism Human Resource Council (2013). The Future of Canada's Tourism Sector -2012 Update. p.39
10. Canadian Federation of Independent Businesses(2014). Beyond the Headlines: The truth about the Temporary Foreign Worker Program. p.2
11. Employment and Social Development Canada (2014), Temporary Foreign Workers: Information for Employers, Retrieved at: http://www.esdc.gc.ca/eng/jobs/foreign_workers/lower_skilled/index.shtml
12. Canadian Federation of Independent Businesses.(2014). Beyond the Headlines: The truth about the Temporary Foreign Worker Program. p.1
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