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Tourism employment in rural Canada

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Highlights

- ◆ Tourism employment represented about three percent of total employment in predominantly rural regions.
- ◆ Predominantly rural region tourism employment grew the most in the Atlantic Provinces.
- ◆ Rural metro-adjacent regions recorded the largest increase in tourism employment.
- ◆ The accommodation sector provided the most tourism jobs in predominantly rural regions, while in predominantly urban and intermediate regions food and beverage industries dominated tourism employment.

Introduction

Two major employment challenges for communities in rural Canada are labour shedding by primary industries and the exodus of youth in search of work. Given the concentration of the Canadian population in urban regions, a potential rich, alternative source of rural employment lies

in attracting this population to rural regions to enjoy tourism activities. Thus, tourism would appear to provide an alternative source of rural employment. The purpose of this bulletin is to examine the growth in tourism employment in rural Canada over the period 1996-2003.



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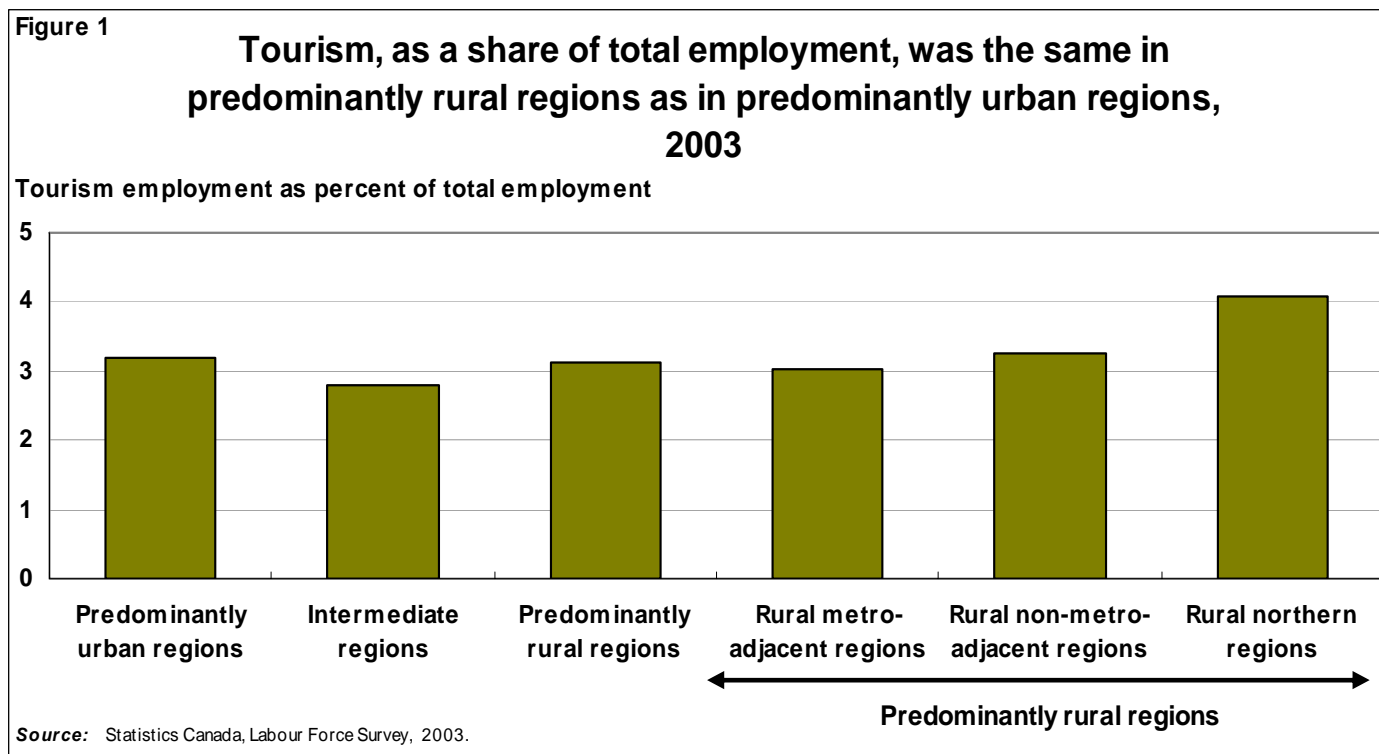
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Across most regions, three percent of total employment was in tourism

Across Canada, employment attributable to tourism represented about three percent of total employment, or about 490,000 jobs¹, in 2003. People employed due to tourism provide services to tourists. Tourists are those who travel for business or for pleasure and who travel more than 80 kilometres from home (Box A).

Despite the fact that rural people often travel to cities for either major purchases, theatrical or sporting events, or other services and that most major conventions and conferences are held in cities with larger conference facilities, the larger numbers of urban residents would be expected to create a powerful demand for tourism facilities in rural regions. This would in turn drive the creation of tourism related employment. Thus, we did not expect the finding that predominantly rural regions were only equal to predominantly urban regions in terms of the share of their employment in tourism (Figure 1). Within each of the regions and rural sub-regions, employment in tourism was about three percent of total employment. Rural northern regions were the exception – their tourism employment share was calculated² to be about four percent.



1. Statistics Canada, CANSIM II Table 387-0003, Employment generated by tourism.

2. A coefficient is applied to an entire province to calculate each industrial sector's share of tourism employment (Box A). This is done regardless of the location within the province. This use of a coefficient tends to overstate 'tourism' for rural northern regions due to a higher share of air transportation in rural northern regions being used for cargo.

Box A: Compilation of tourism employment data

Statistics Canada publishes quarterly data for tourism employment for Canada (Statistics Canada (quarterly); CANSIM II, Table 387-0003, Employment generated by tourism). This CANSIM II data is created by applying coefficients or ratios to Labour Force Survey data for those industrial sectors that have a portion of their employment involved in tourism activities. Tourism activities are defined as those who are employed to provide services to tourists. For this bulletin and in developing this ratio, a **tourist** is defined as anyone who travels for business or pleasure on a trip of 80 kilometres or more in one direction from home (Statistics Canada, 2000). Note that the United Nations defines a “visitor” as “any person travelling to a place other than that of his/her usual environment for less than 12 months and whose main purpose of the trip is other than the exercise of an activity remunerated from within the place visited” (United Nations / World Tourism Organization, 1994). They reserve the term “tourist” for “overnight visitors”, as distinguished from “same-day visitors”. In this bulletin, we use the term “tourist” to refer to all visitors. Within Statistics Canada, a trip of 80 kilometres or more is used to define “a place other than that of his/her usual environment”.

The total estimated employment is designated as “tourism activities” employment. About 80 percent of this employment is within industrial sectors that are recognized as “tourism industries” (or “tourism-related industries”). Within each “tourism industry”, a portion of the employment is designated as serving the local population and the rest is designated as serving “tourists”. These proportions are outlined in Table A. We tabulated data for Canada, provinces and types of regions (i.e., predominantly urban, intermediate and predominantly rural) (du Plessis *et al.*, 2001) and we estimated “tourism employment” using the coefficients in Table A. Thus, our estimate of “tourism employment” replicates the data for employment in “total tourism industries”. We did not attempt to estimate the additional 20 percent of employment in other industries to generate the figure for “tourism activities” employment.

By using the Labour Force Survey the data is tabulated by the individual’s “place of residence” and not by “place of work”. This may influence the statistics on rural employment in tourism industries such as air transportation. For example, airport terminals are mainly located in cities but employees may live in rural regions.

Note that residents of the Territories have not been included in this bulletin.

Table A. Percent of employment by industry that is assigned or designated as “tourism employment”, 1998

Industry	N.L.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Air transportation	78.5	78.8(1)	78.4	79.6	73.3	82.5	70.0	70.0 (3)	76.5	74.6
All other transportation	20.3	20.2 (2)	20.0	20.2	18.8	20.2	14.2	14.2(4)	19.5	22.9
Total accommodation	61.3	70.8	71.0	65.6	64.8	68.7	48.9	50.2	61.9	63.9
Food and beverage services	17.3	24.8	20.1	19.4	16.4	17.8	18.8	18.0	17.5	17.4
Recreation and entertainment	28.0	39.8	32.1	26.7	19.9	28.2	22.0	27.5	29.5	32.1
Travel agencies	99.1	99.7	99.5	99.3	99.4	99.6	99.5	99.6	99.4	99.6

Notes:

1. The coefficient for air transportation for Prince Edward Island is assigned (it is equal to the arithmetic average of the air transport coefficient for the other three Atlantic Provinces).
2. The coefficient for “all other transportation” for Prince Edward Island is assigned (it is equal to the arithmetic average of the “all other transportation” coefficient for the other three Atlantic Provinces).
3. The coefficient for air transportation for Saskatchewan is assigned (it is equal to the air transport coefficient for Manitoba).
4. The coefficient for “all other transportation” for Saskatchewan is assigned (it is equal to the “all other transportation” coefficient for Manitoba).

Source: Statistics Canada. (2003) The Provincial and Territorial Tourism Satellite Accounts for Canada, 1998. Catalogue no. 13-604, Appendices G and I.

Box B: Defining rural regions

This bulletin uses the Organization of Economic Co-operation and Development's (OECD) international definition of rural. It is based on the settlement pattern of the *region* (specifically, the share of the population living in a rural community).

This definition defines a **rural community** as those communities with less than 150 persons per square kilometre. This includes the individuals living in the countryside, towns and small cities (inside and outside the commuting zone of larger urban centres).

Building on this definition of rural communities, **predominantly rural regions** are census divisions (CDs) where more than 50 percent of the population lives in rural communities. This includes all census divisions without a major city.

The predominantly rural regions are disaggregated into three sub-regions: **rural metro-adjacent regions**, **rural non-metro-adjacent regions**, and **rural northern regions**.

Predominantly urban regions are CDs where less than 15 percent of the population lives in rural communities.

Intermediate regions are where between 15 and 50 percent of the population lives in a rural community.

Tourism employment by region mirrors the distribution of total employment by region

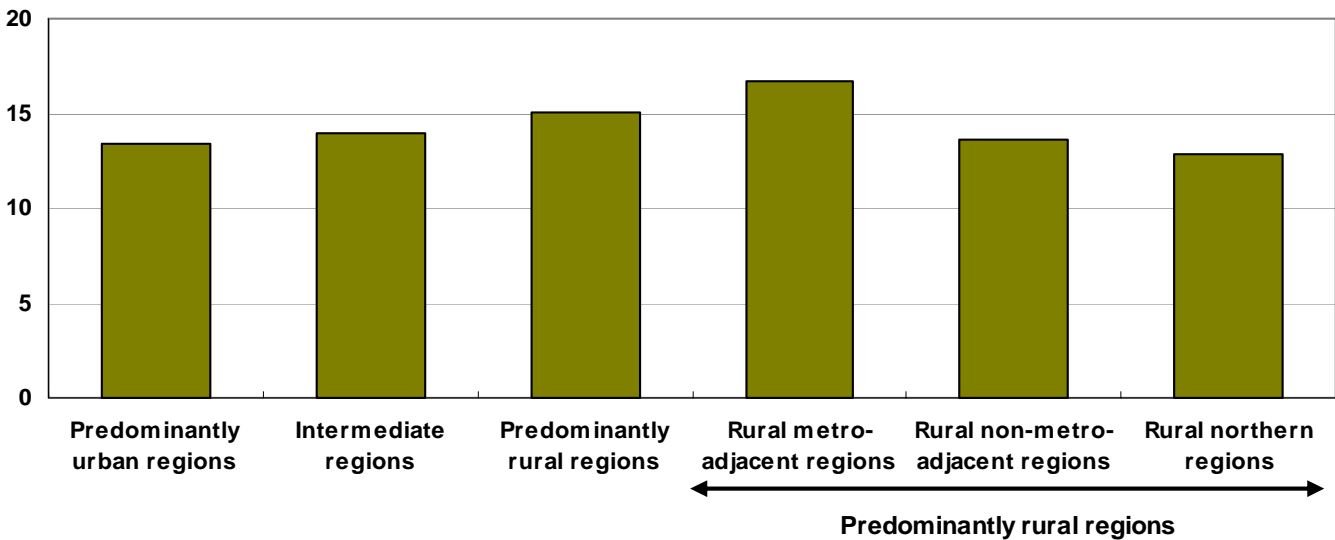
The distribution across regional types, of all tourism employment, was 54 percent in predominantly urban regions, 28 percent in predominantly rural regions and 18 percent in intermediate regions. This distribution remained unchanged from 1996 to 2003 and generally reflects the distribution of total employment found in each of these regions.

Rural metro-adjacent regions had the greatest increase of tourism employment

All regions increased in tourism employment between 1996 and 2003 (Figure 2). Predominantly rural regions increased 15 percent or about 18,000 jobs. Within this region, rural metro-adjacent region increased the most with an increase of almost 17 percent. Thus, the tourism industry appears to be a growing opportunity for employment and perhaps a viable alternative in predominantly rural regions. While predominantly urban regions had a smaller rate of increase (13 percent), it had the largest increase of tourism jobs, about 31,000 jobs.

Figure 2 Tourism grew the most in rural metro-adjacent regions, 1996 to 2003

Percent change of employment in tourism



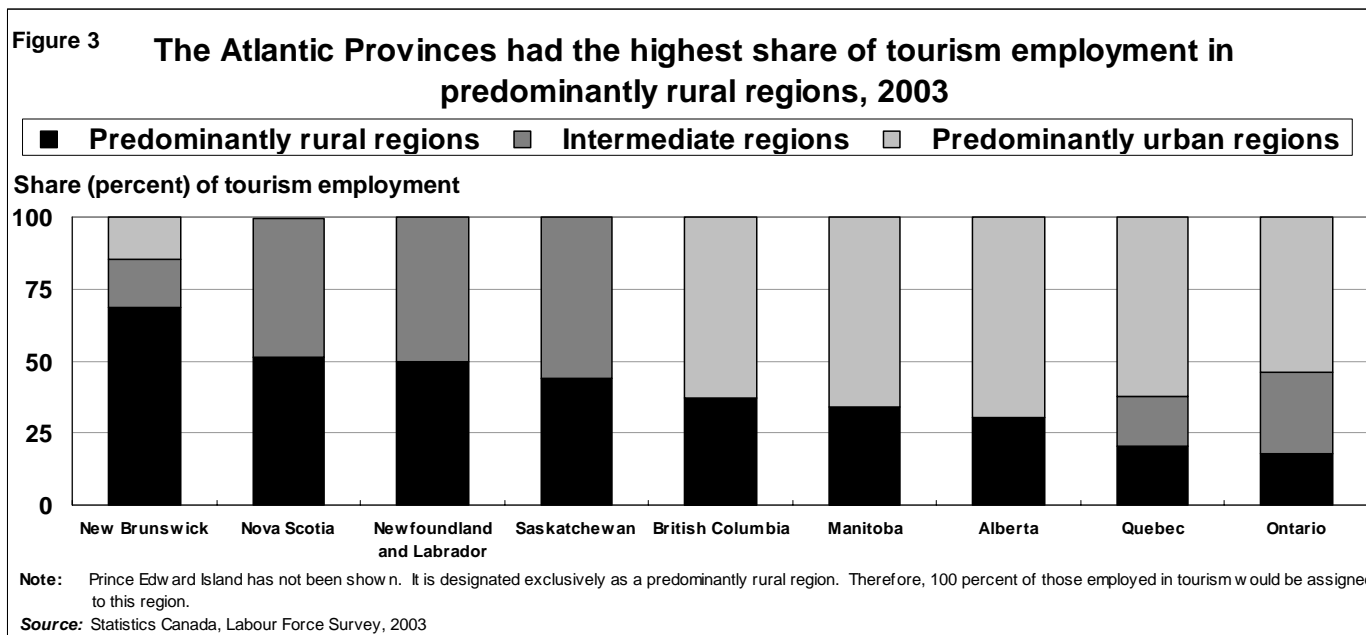
Note: Due to a large variation in 1996 and 1997 an average of these two years was taken to represent 1996. Similarly, the 2003 value was derived from the average of 2002 and 2003.

Source: Statistics Canada, Labour Force Survey, 1996 to 2003.

In the Atlantic Provinces over half of those employed in tourism were located in predominantly rural regions

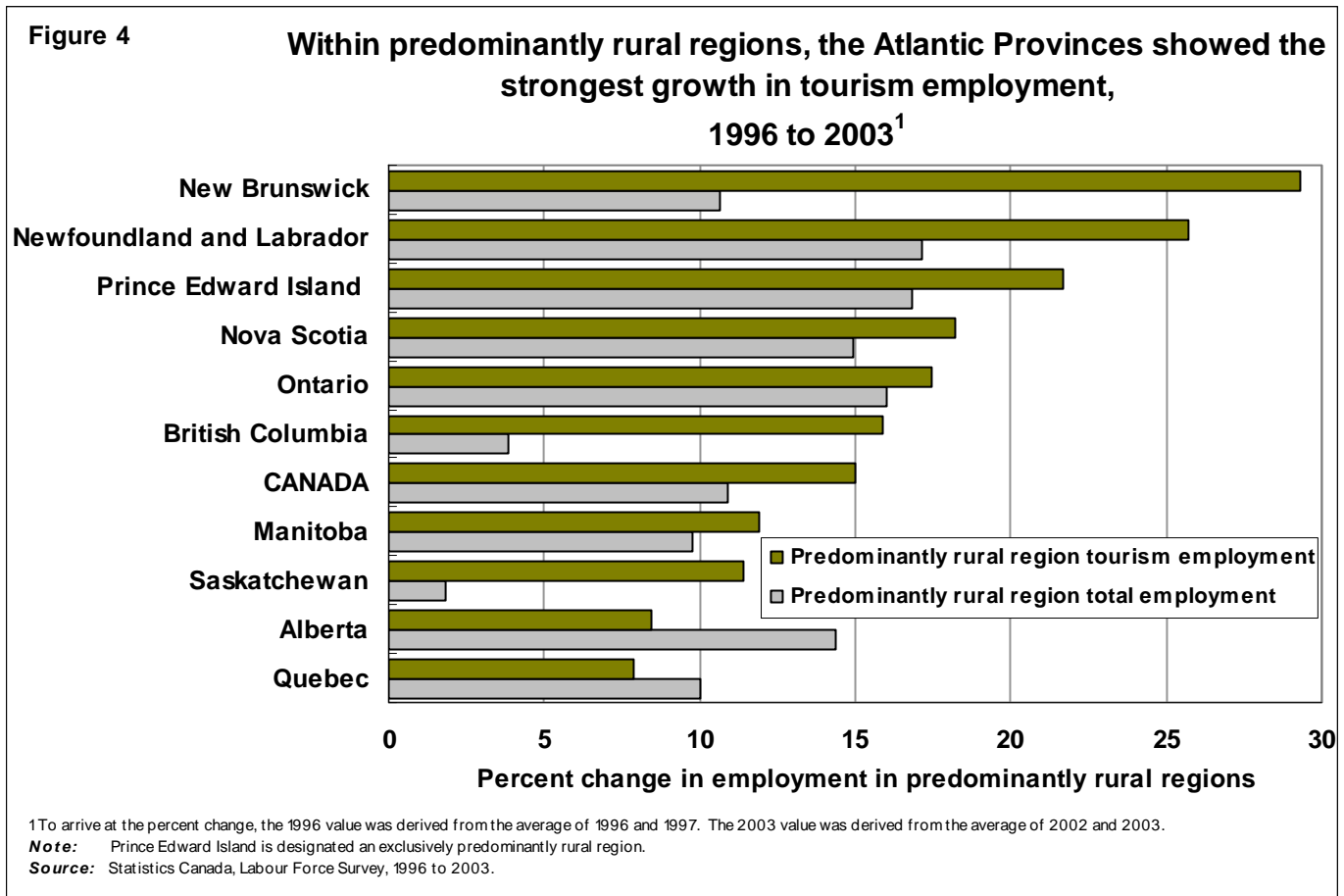
The Atlantic Provinces have the highest share of total employment in their predominantly rural regions — over half. Not surprisingly, these same provinces ranked highest, in Canada, in terms of the share of tourism employment in

predominantly rural regions. New Brunswick ranked the highest (Figure 3). However, only Newfoundland and Labrador’s tourism employment share was greater than its total employment share in its predominantly rural regions, indicating a greater intensity or concentration of tourism employment in this province’s predominantly rural regions.



Most provinces' rural tourism employment increased more than their total employment

The Atlantic Provinces led the way in percent increase of tourism employment in predominantly rural regions (Figure 4). However, in all provinces, except Alberta and Quebec, tourism employment growth surpassed total employment growth.



Tourism employment intensity provides a clearer description of the relative value of tourism in a region

Knowing how many or what share of people work in a region in a particular industry or sector does not give a complete description of the industry. A clearer description can be made by measuring the ‘intensity’ of an industry. That is, we compare the share of individuals that work in the tourism industry in a region to the share that work in the tourism industry in Canada or the province. This measure of intensity gives the relative importance of the tourism industry in the region. This is a ‘location quotient’. The tourism employment intensity relative to the Canadian average results can be seen in Figure 5.

An intensity of one means the region’s tourism employment intensity is equal to Canada’s. A value greater than one means the region’s tourism employment intensity is greater than Canada’s and the region would be considered to have a well developed tourism sector. A value of less than one may mean that there is room to increase the region’s tourism employment³.

Generally, most regions have a location quotient of one — meaning that these regions have developed their tourism employment to the same relative intensity as Canada as a whole. As suggested earlier, it was somewhat surprising that the predominantly rural regions were not more tourism intensive given the relative sizes of the rural and urban populations.

Rural northern regions have the highest tourism employment intensity compared to Canada (note that data from the Territories are not included in this bulletin). While Canada’s North does have a developing tourism industry, our high calculated location quotient may be a result of our methodology. As noted in Footnote 2, a higher

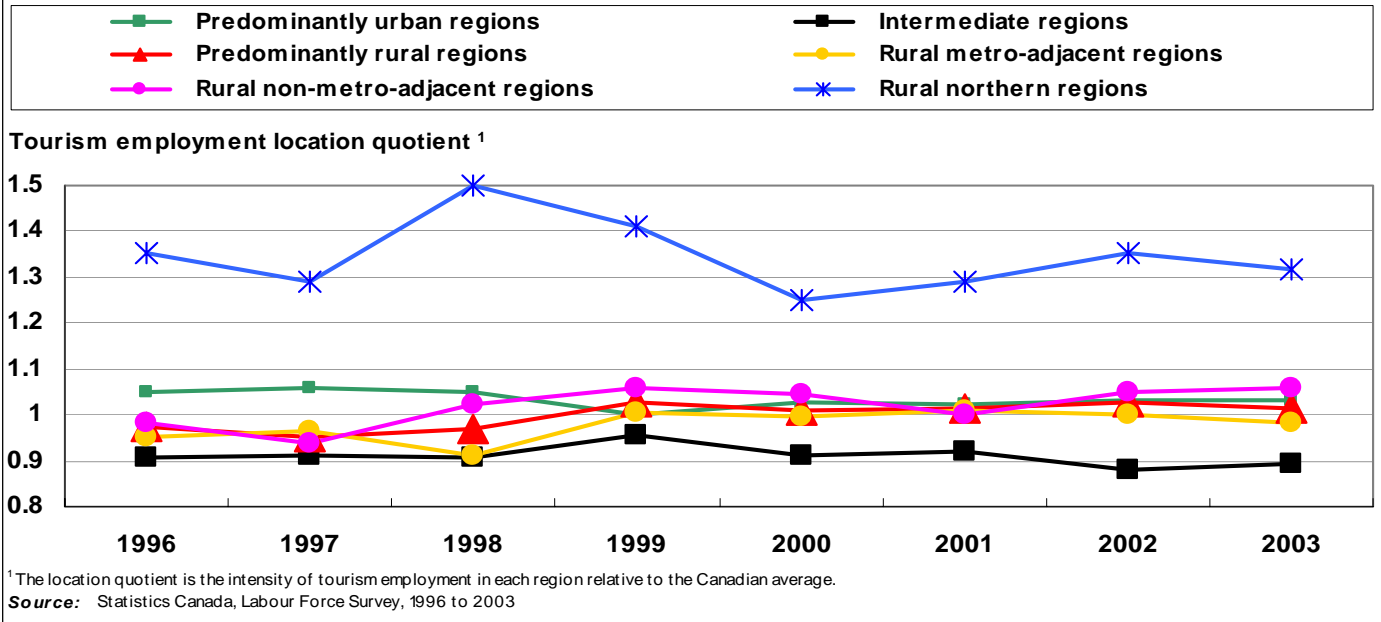
share of air transportation employment in the north would be expected to be involved in transporting cargo, but our calculation does not account for this and assumes a constant share of transportation employment is allocated to tourism for all regions within a province. Also, in the north, almost everyone who travels, travels long distances to reach a destination.

Intermediate regions are notable for having the least intensive tourism employment.

3. For more information on location quotients, see Beshiri (2001).

Figure 5

The rural northern regions have a high intensity of tourism employment, 1996 to 2003

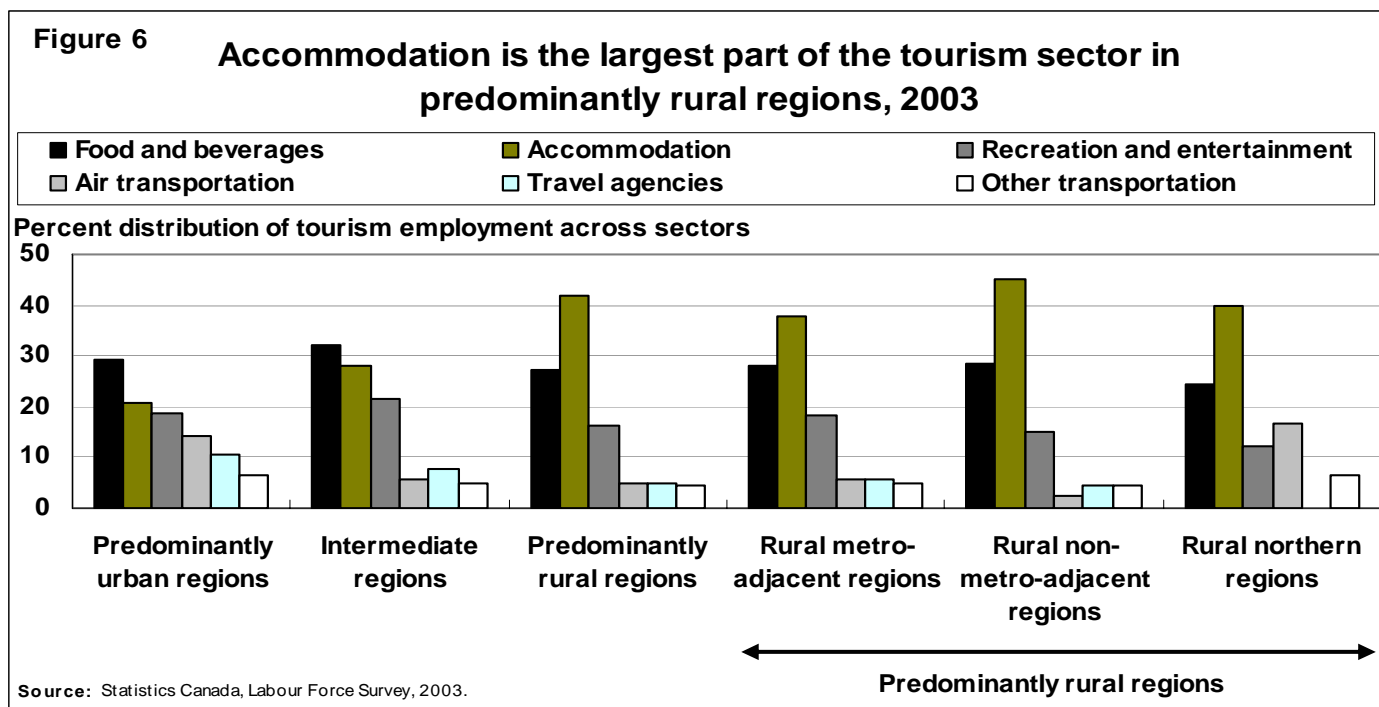


A review of the intensity of different regions relative to their respective province is seen in Appendix 1. It shows that in predominantly rural regions, the tourism employment intensity over the period was very close to one in Newfoundland and Labrador, Quebec, Ontario, Alberta and more recently British Columbia. Thus, the tourism employment intensity of these provinces' predominantly rural regions was only as intense as their provincial average. The remaining provinces — Nova Scotia, New Brunswick, Manitoba, and Saskatchewan had a tourism employment intensity of less than one for their predominantly rural regions. Thus, the tourism employment in predominantly rural regions in

these provinces was not as intense as their provincial average and there may be room for increased market share within this region. In the predominantly rural regions of Nova Scotia and New Brunswick, there appears to be a tourism employment intensity gap. However, we have seen that these two provinces have strong tourism employment growth (Figure 4). Therefore it seems that these two provinces' predominantly rural regions may continue to enjoy further tourism employment growth.

Accommodation was the largest source of tourism employment in predominantly rural regions

The food and beverage industry represents the largest share of tourism employment (about one-third across Canada) and was the most common source of tourism employment in both predominantly urban and intermediate regions (Figure 6).



However, in predominantly rural regions, the accommodation industry was the main source of tourism employment. About 40 percent of tourism employment was in this industry in predominantly rural regions, followed by food and beverages (27 percent) and recreation and entertainment (16 percent). The accommodation industry provided the main source of tourism jobs in the predominantly rural regions of each

province— from a high of 47 percent in Quebec to 32 percent in Newfoundland and Labrador.

The same regional tourism industry breakdown was found in all rural type regions except in rural northern regions where air transportation appears to command a more important role and ranked third (again, recall the caveat in Footnote 2).

Summary

Surprisingly, tourism's share of total employment in predominantly rural regions was about equal to the national share — three percent. Thus, the intensity of tourist employment in predominantly rural regions was about the same as predominantly urban regions. Over the 1996-2003 period, rural metro-adjacent regions took advantage of their close proximity to urban markets and had the greatest percent increase of tourism employment.

The Atlantic Provinces had the highest share of tourism employment in their predominantly rural regions and these regions also showed the largest growth of tourism employment. But it must be remembered that these provinces also had the largest share of predominantly rural region populations.

The predominantly rural regions of the four most populated provinces (Ontario, Quebec, British Columbia, Alberta) and Newfoundland and Labrador were equally as intensive in tourism employment as their provincial average. Perhaps these provinces have maximized their predominantly rural regions tourism employment potential. It will be interesting to see whether these regions will be able to maintain their rates of growth in rural tourism employment. The

other four provinces' predominantly rural regions reported a tourism employment intensity that was less than their respective province's average. This latter group may have opportunities for the expansion of their tourism industry in their predominantly rural regions. In particular, the tourism employment in New Brunswick's and Nova Scotia's predominantly rural regions appears to have the greatest potential for increase: having both a trend of recent increases in tourism employment and apparent room to increase their tourism employment intensity. This contrasts with tourism employment in the predominantly rural region of Manitoba and Saskatchewan where growth is less than the Canadian average and the rural tourism employment intensity is low.

The accommodation industry accounts for most of the tourism employment in predominantly rural regions in each province. This contrasts with the predominantly urban regions where the food and beverage sector is the leading tourism employer.

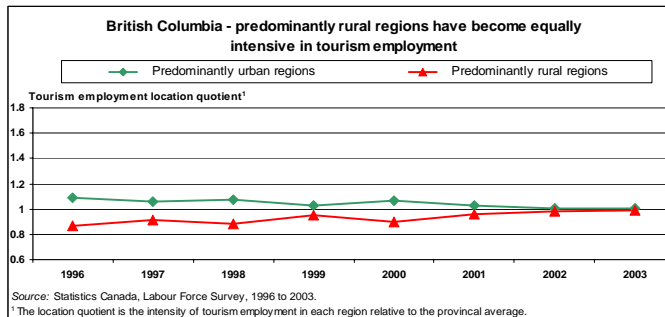
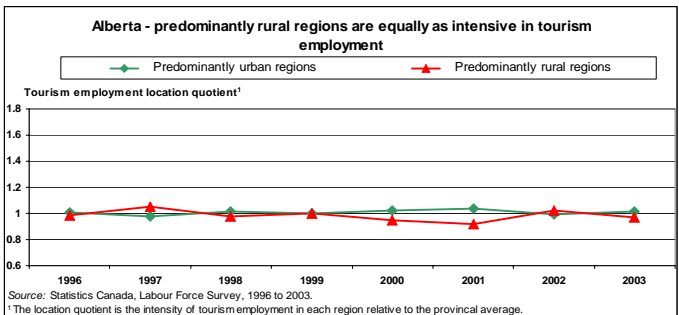
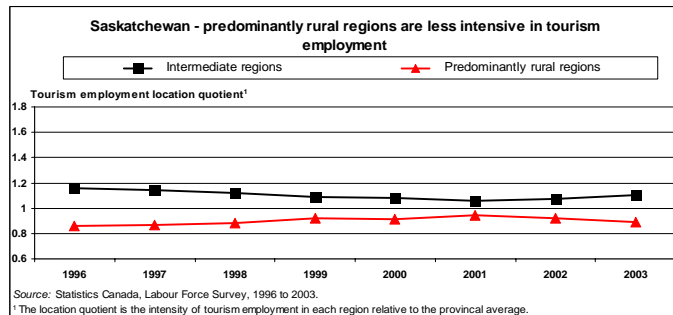
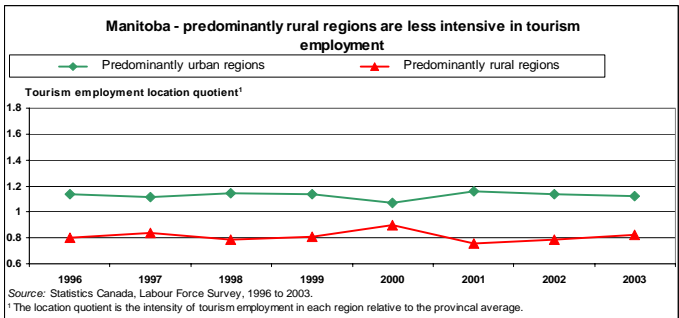
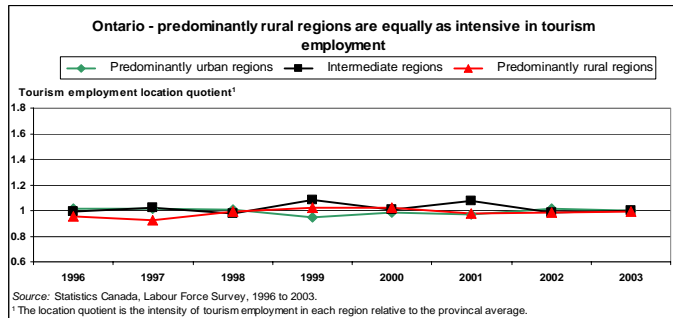
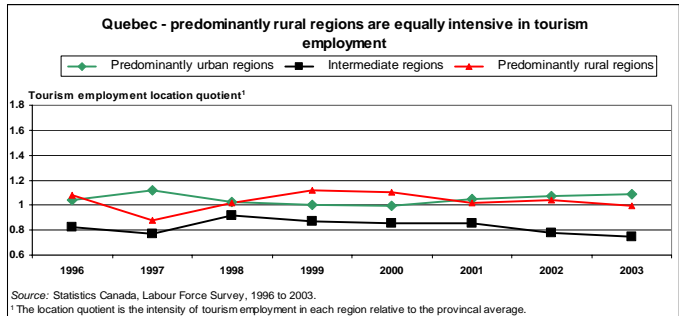
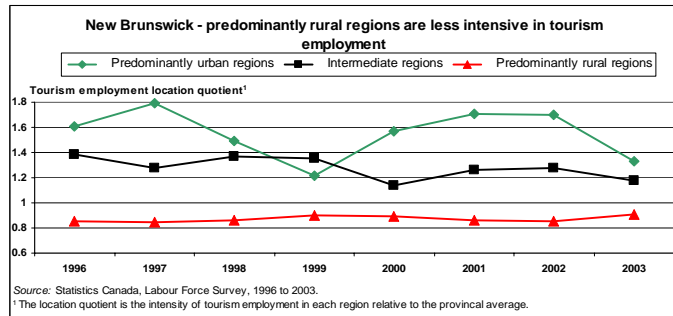
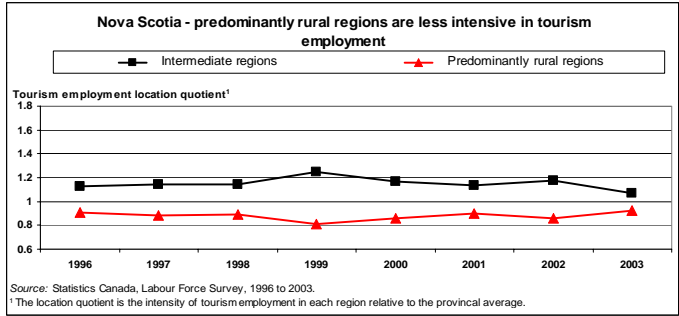
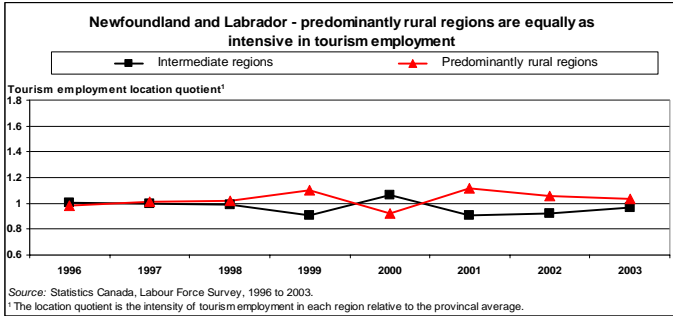
Based on the recent trends of tourism employment and the lack of expected intensity of tourism employment in many of provinces' predominantly rural regions, tourism seems to be a growing alternative for predominantly rural regions' economic viability.

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Appendix 1: The intensity of tourism employment in each province, 1996 to 2003



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