BRITISH COLUMBIA

BC STATS

Ministry of
Management Services

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Tourism Sector Monitor ◆ July 2003

Highlights

Room Revenue

Room revenues in the province stabilized in **April** (-0.1% seasonally adjusted), after dropping sharply in March. Regional variation was limited—the only area to see a sizeable change in revenues was Northeast (-7.3%). The best performing region, Thompson-Okanagan, posted a modest revenue growth rate of 1.2%.

Room revenues stabilise in April

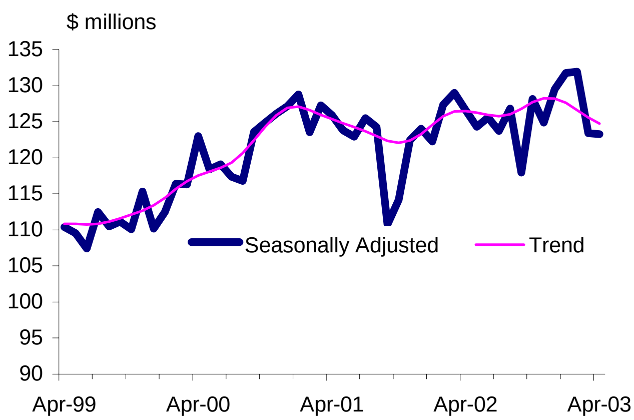


Table 1. Room Revenue* Summary

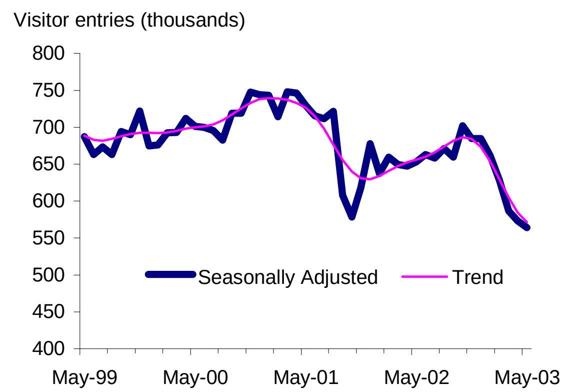
Accommodation Type	Apr 03 ($000)	Mar 03 ($000)	% change
Total	123,255	123,423	-0.1
Hotels	89,223	89,015	0.2
Motels	16,094	15,925	-6.4
Other Acc.	16,799	17,952	-0.1
Regions (Top 3 performers)			
Thompson-Okanagan	18,232	18,022	1.2
Vancouver Island / Coast	23,064	22,970	0.4
Mainland / Southwest	65,663	65,584	0.1

**Seasonally adjusted room revenue*

Visitor Entries

The volume of travellers entering Canada via BC borders continued to decline in **May**, dropping 1.4% (seasonally adjusted). Entries from both the US (-0.7%) and overseas (-5.0%) were down. Decline in the Asian market (-21.4%) has been particularly sharp.

Visitor entries down in May



Other Indicators

Both hotel occupancy (-1.4 percentage points) and hotel room rates (-1.5%) dropped in May (relative to May 2002). Coquihalla highway passenger vehicle traffic inched down marginally (-0.4%) in May, compared to the same month of 2002.

A Look Ahead...

Preliminary numbers for May 2003 suggest room revenues are down 1.4% (seasonally adjusted). Unadjusted figures indicate revenues are 2.0% below May of last year.

Tourism Trends

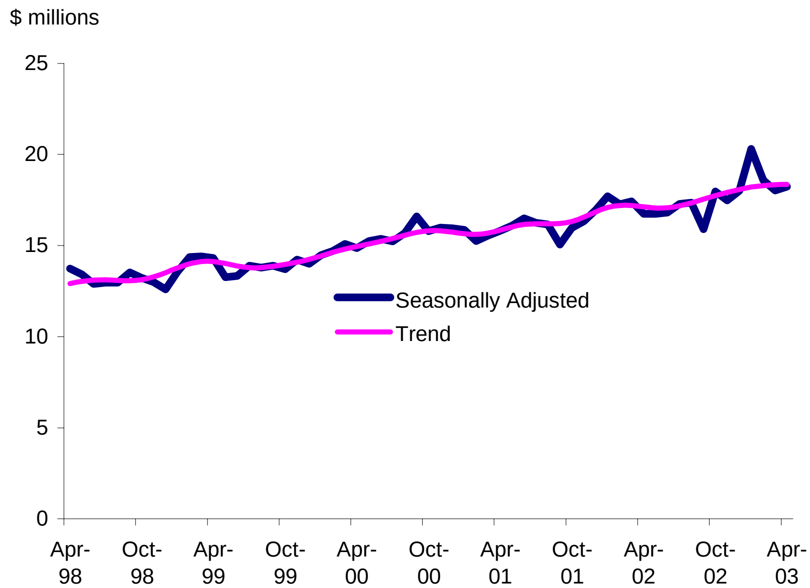
Room Revenue

Room revenues held steady in April (-0.1% seasonally adjusted), following a particularly difficult month in March.

In BC's three largest tourism regions—Mainland/Southwest (+0.1%), Vancouver Island/Coast (0.4%), and Thompson-Okanagan (+1.2%)—revenues edged up slightly. This is a positive development over last month, when all three of these regions faced a significant downturn.

The performance of Thompson-Okanagan was fairly characteristic. The region has shown steady, though gradual, growth in revenues over the last five years.

Thompson-Okanagan shows gradual, steady growth over last 5 years



Revenues were down 7.3% in the Northeast region, after spiking upward sharply last month. Revenues also fell modestly in North Coast (-2.3%), Kootenay (-2.1%), Nechako (-2.0%), and Cariboo (-0.9%).

Visitor Entries

The volume of visitors entering Canada through BC continued to fall in April, down 1.8% (seasonally adjusted).

Fallout from the SARS scare shows little sign of easing. The number of visitors from Asia plunged a further 21.4%—nearly matching the April decrease of 24.5%. In the Asian market, SARS has been of far greater magnitude than the effect of 9/11 (in September 2001, the volume of travellers from Asia dropped only 12.8%). Indeed, even the Asian economic meltdown—the collapse of the financial markets in mid-1997—did not have such dramatic effects on tourism.

Asian visitor entries in May were at their lowest point since 1991

It is worth pointing out that the decline in Asian visitors actually began in November of last year. The Asian market was already weak when the SARS panic emerged in April. These two factors combined have been dramatic.

Asians first began to really "discover" BC in 1994. The volume of travellers from Asian countries more than doubled over the next few years, and despite global economic and political turbulence BC remained a choice destination. The last several months have completely wiped out Asia's eight-year romance with BC. Asian visitor entries in May were at their lowest point since May 1991. A quick recovery seems unlikely.

Visitor Entries from Asia continue to plummet

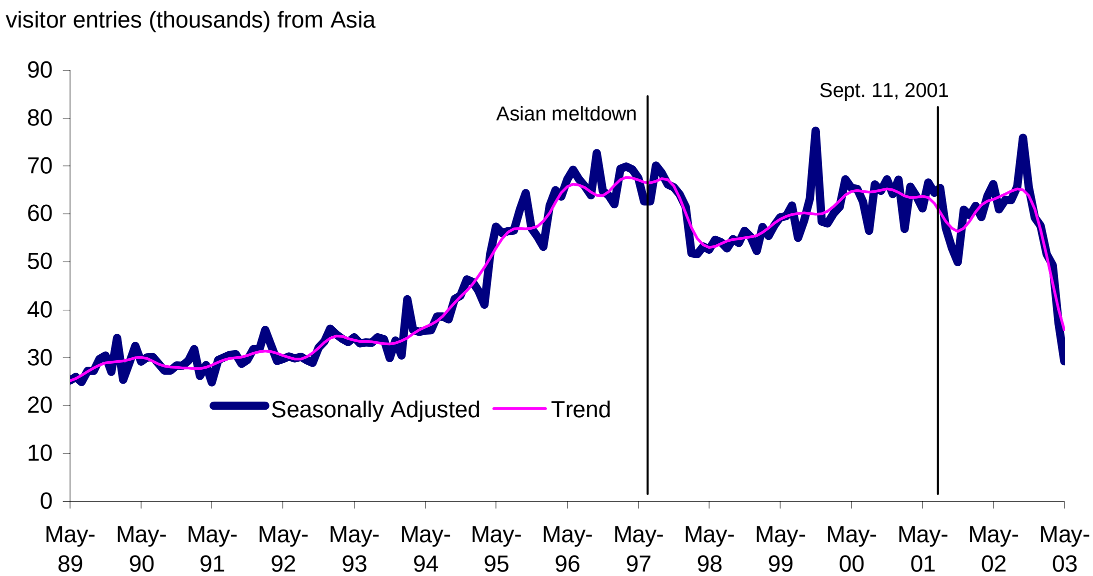


Table 2. Traveller Entries (seasonally adjusted)

	May-03 ('000)	Apr-03 ('000)	%chg from Apr-03
American visitors			
Total	485	489	-0.7
Same-day	209	208	0.7
Overnight	277	281	-1.7
Overseas visitors			
Total	82	87	-5.0
Europe	33	35	-5.3
UK	16	17	-4.7
Asia	29	37	-21.4
Japan	11	14	-25.0
Taiwan	1	2	-55.2
Oceania	11	9	16.2
Canadian re-entries			
Total	548	508	7.7
From overseas	59	65	-8.5
From US same-day auto	282	251	12.3

(BC STATS & Statistics Canada)

Other Tourism Indicators

Hotel occupancy was 60.0% in May, 1.4 percentage points below May 2002. Average room rates—$113.92—were 1.5% lower than in the same month last year. This is the third month of decline for both occupancy and room prices.

Hotel occupancy and room rates continued to fall in May.

The Canadian dollar appreciated relative to US currency in May. One US dollar cost $1.35 Cdn, compared to $1.53 Cdn in April 2002 (-$0.179). The Canadian dollar also appreciated 2.7 cents next to the UK pound, though lost 2.9 cents relative to the Australian dollar.

Restaurant and tavern receipts in BC edged downward 0.9% (seasonally adjusted) in May.

Table 3. Other Tourism Indicators

	Reference period	Total	Change from year ago
Hotel Industry			
Occupancy rate	May-03	60%	-1.4 pp.
Average room charge	May-03	$113.92	-1.5%
(Pannell Kerr Forster)			
Airport Passengers		**(000s)**	**(%)**
Vancouver International Airport			
Total traffic	Apr-03	970	-13.6
US	Apr-03	244	-8.1
Other International	Apr-03	203	-25.1
Canada	Apr-03	522	-10.8
(YVR)			
Victoria International Airport			
Total traffic	May-03	99	0.3
(Victoria Airport Authority)			
Restaurant Receipts		**($ millions)**	**(%)**
Full service	May-03	233	1.1
Limited service	May-03	155	4.3
Drinking places	May-03	25	-4.1
(Statistics Canada)			
Transportation		**(000s)**	**(%)**
Coquihalla Highway			
Passenger Vehicles	May-03	232	-0.4
(Ministry of Transportation & Highways)			
BC Ferries			
Vehicle Volume	Apr-03	646	1.1
Passenger Volume	Apr-03	1,608	2.8
(BC Ferries)			
Exchange Rates		**Cdn $**	**Change from year ago**
US $	Jun-03	1.352	-0.179
UK Pound	Jun-03	2.246	-0.027
Japanese Yen	Jun-03	0.011	-0.001
Australian $	Jun-03	0.900	0.029
(Statistics Canada)			

note: pp. percentage points

Special Focus: The Tourism Labour Market

Tourism is a significant industry in BC. It generates more than 4% of real GDP and about 7% of employment. By comparison, it is only slightly smaller than BC's construction industry.

Weekly wages: below average

The average wage across all industries in BC is $675 a week (in 2002). Only one segment of tourism related employment could be described as "high wage". Workers in air transport have an average weekly wage of $939—39% higher than the BC average. In travel arrangement and reservations, as well as in the charter bus industry, workers are paid on average $615 a week (9% below the BC average). In sightseeing transportation (land), wages are similar ($580, 14% below average). All of these industries combined, however, make up only a fraction—less than 13%—of the tourism labour market.

Tourism related employment is overwhelmingly dominated by its lowest paid industries. In traveller accommodation, wages average $427 per week, 37% lower than BC as a whole. In food services and drinking places, the average weekly wage is a mere $287, 58% below the BC average. These two industries make up over 87% of tourism related employment.

The average weekly wage for these six tourism industries combined is $375, making tourism a distinctly low-wage sector.

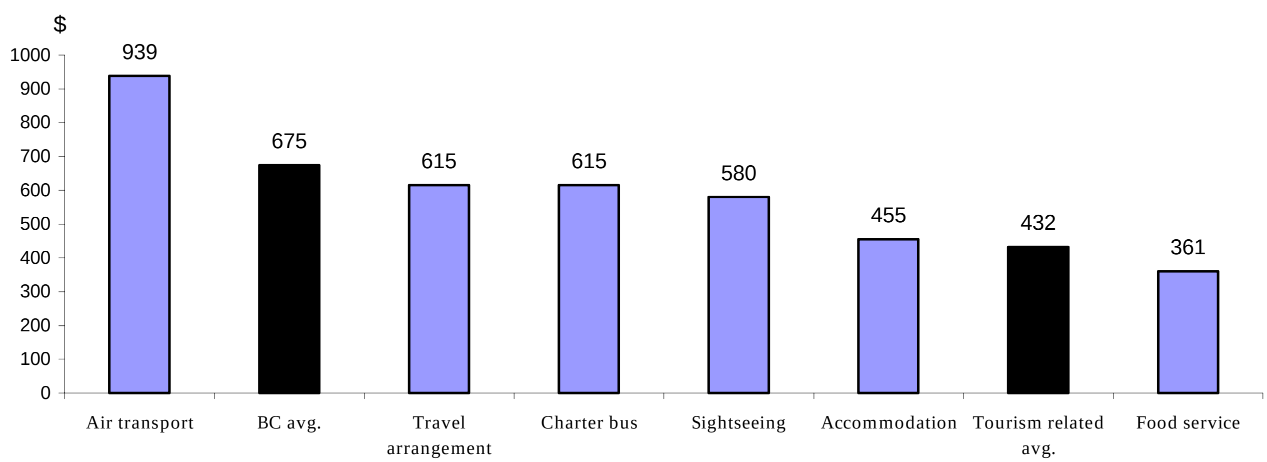
However, wages are not the full measure of earnings for many tourism workers. Statistics Canada estimates that tips amount to 3% of hotel room revenues, and 10% of gross sales at licensed restaurants and bars.

Following this method, average weekly tips amount to $49 in food service and drinking places and $28 in accommodation.

These figures of course are averages, and many employees will receive more or less than this. Workers at fast food establishments—one-third of food service employment—do not generally receive any income from tips. Staff at up-scale dining establishments, on the other hand, may end up quite well paid.

Factoring in tips, average weekly earnings in BC's tourism related industries amount to $432, 36% lower than the BC average.

Average weekly earnings (wages & tips) low in tourism related employment



Source: Statistics Canada and BC Stats

Note:
This article focuses on the labour market for selected industries within the tourism sector which have a substantial tourism component: air transportation, travel arrangement, charter bus, sightseeing and accommodation and food services. These industries account for nearly two-thirds of total employment in the tourism sector, and generate a similar percentage of its GDP. Accommodation and food services is by far the dominant industry.

No attempt is made to distinguish between the tourism and non-tourism activities of an industry. In contrast, BC Stats' GDP and employment estimates for the tourism sector exclude activities that are not tourist-related, but include all industries that depend on tourism to some extent (whether great or small). In the case of food services, for example, only about a quarter of the activity is deemed to be tourist-related—most of the GDP and employment in this industry comes from serving a local clientele.

Wages, working conditions, job tenure and other characteristics of the labour market discussed in this article are averages for all workers within the industry, and are unlikely to vary based on whether or not the workers are primarily serving tourists or residents.

More information on the definition of the tourism sector can be found in the January 2003 issue of Business Indicators, available on our website.

The differences in hourly wages are even more striking. In accommodation and food service, the median hourly wage is $9.50, compared to $17.40 for all of BC workers. Indeed, half (49%) of accommodation and food service employees earn between $8 and $10 an hour. Only 2% earn $20 or more an hour. In contrast, just 17% of all BC workers earn between $8 and $10 an hour, and 40% earn $20 or more an hour.

Tourism workers: youth and women

Some 41% of accommodation and food service workers are young people (aged 15-24). Given that young people make up only 15% of the BC workforce, it is clear that the tourism sector is heavily geared toward youth employment.

Tourism workers are also disproportionately female. Women make up just under half (47%) of the BC workforce, but represent about 60% of employees in accommodation and food service.

Young people prominent

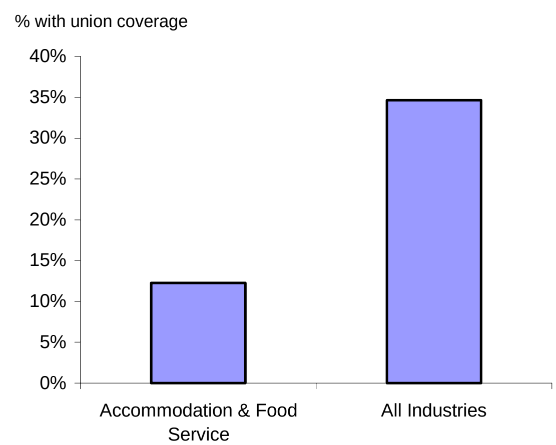
Source: Statistics Canada

Employment characteristics: part-time, short tenure, non-union

A very large share of tourism jobs—42% of accommodation and food service employment—involves part time work. This is considerably higher than the BC average of 23%. The average usual workweek in tourism is 28.8 hours, compared to 34.6 hours for the entire BC workforce. This, indeed, has something to do with why weekly earnings are lower.

Across industries, job tenure (length of time at one's current job) is on average 7.6 years. In accommodation and food service, average job tenure is 3.8 years—exactly half the BC average. This indicates very high employee turnover rates, and little opportunity for long term career paths.

Low union coverage



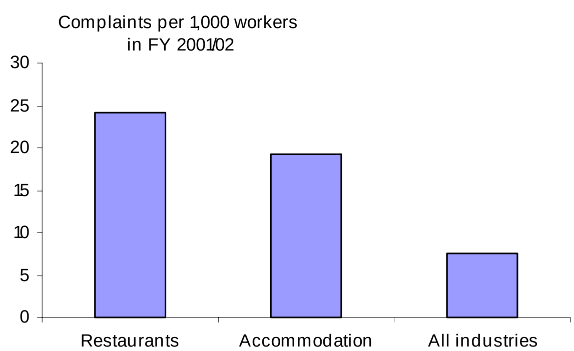
Source: Statistics Canada

The tourism labour market is also largely non-union. Union coverage in accommodation and food service is just over 12%—roughly one-third the unionization rate for BC as a whole (35%).

Working Conditions

Both the restaurant and accommodation industries have poor records for employment standards. BC Employment Standards offices registered 12,252 complaints in fiscal year 2001/02—7.6 for every 1,000 workers in BC. In the accommodation industry, there were 19.3 complaints per 1,000 workers, and in restaurants there were 24.2 per 1,000 workers.

Employment standards complaints more common

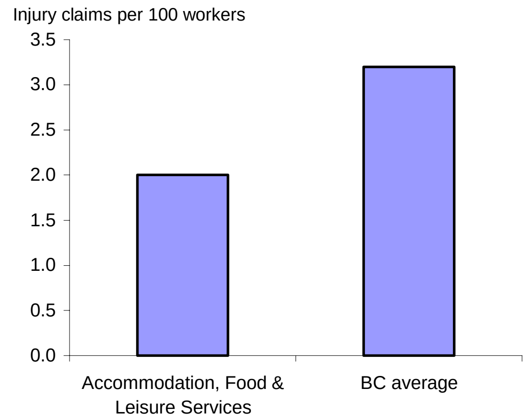


Source: BC Employment Standards Branch

In fact, the Employment Standards Branch has established a "restaurant initiative," making particular efforts to increase compliance in that industry. Key problems have been non-compliance with hours of work rules and minimum wage laws.

Tourism industries perform much better with respect to workplace safety. Workers in accommodation, food, and leisure services registered 2.0 injuries per 100 workers (person years of employment) , well below the BC average of 3.2 per 100 workers. Tourism related employment is not high-risk work.

Low workplace injury rates



Source: BC Workers Compensation Board

Overall job satisfaction seems quite high in BC, though again tourism related jobs are below average. Across BC, 88.3% of workers surveyed by Statistics Canada said they were satisfied (or very satisfied) with their jobs in 2001. In accommodation and food service, 84.9% expressed job satisfaction.

Satisfaction with pay and benefits is lower than overall job satisfaction. While 77.6% of BC workers expressed satisfaction with pay and benefits, only 68.7% of those in accommodation and food service felt satisfied with their remuneration.

Conclusion

Based on a very wide range of measures, tourism related jobs seem to be distinctly low quality. Earnings are low, career advancement is limited, employment standards are relatively weak, and job satisfaction is below average.

What tourism industries do well is provide a lot of jobs for young people and students. Indeed, these are often crucial entry points into the workforce. After gaining some job experience, these workers often move into industries with more attractive opportunities. Given the characteristically high unemployment rates among young people, the importance of the tourism labour market should not be understated.