

Sector Profile

Accommodation and Food Services

Atlantic Region

2023



HIGHLIGHTS

- Accommodation and food services (AFS) is heavily dependent on tourism spending. AFS is also characterized by its seasonality with business picking up during the spring and peaking during the summer months.
- AFS workers are younger than average. The percentage of workers aged 15 to 24 years is 42.3%, which is over triple the all-industry average of 13.5%. The number of part-time workers in AFS is over double the all-industry average, at 39.2% and 15.7%, respectively.
- Despite recovering jobs since the pandemic, a severe labour shortage still plagues the industry and has limited the extent of this growth. Job vacancy rates ranged from 4.4% in Newfoundland and Labrador to 7.2% in New Brunswick.
- AFS employment growth is expected to exceed the all-industry average. Population growth and pent-up demand will drive employment gains while labour shortages and the Canada Emergency Business Account (CEBA) loan repayment deadline will limit the extent of these gains.

ABOUT THE INDUSTRY

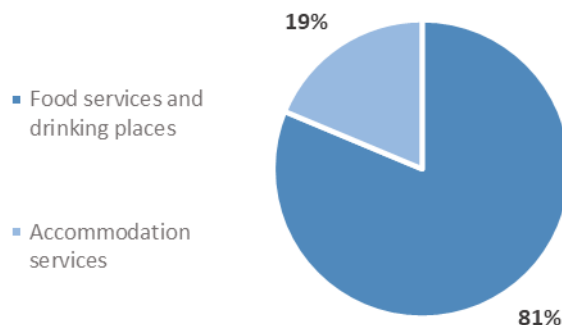
Composition and Importance of the Sector

Accommodation and food services (AFS) is heavily dependent on tourism and the visitor spending that comes with it. Significant tourism markets for the industry include tourists within Atlantic Canada, Québec, Ontario, and the USA. Economic activity in AFS is characterized by its seasonality with business picking up during spring and peaking during the summer months.

AFS accounts for 5.7% of total employment for the Atlantic region, which is slightly higher than the national average of 5.3%. Many employers in the industry are small businesses and/or family owned.

Food services and drinking places employs the largest share of workers in AFS. This sub-industry consists of restaurants, fast-food venues, bars, caterers, amongst other establishments. Accommodation services makes up a smaller portion of employment and is comprised of hotels and motels, campgrounds, cabins, etc.

Employment Share by sub-industry



Source: Statistics Canada, Labour Force Survey 2022



Geographic Distribution of Employment

The AFS industry's share of overall employment is evenly distributed across the region with a high of 6.1% in Newfoundland and Labrador and a low of 5.4% in New Brunswick.

Since tourism drives much of the activity in this industry, urban areas and tourist attractions tend to have higher concentrations of employment. Areas with ports and/or airports also have more employment due to the increased traffic.

	Employed 2022	Industry Share (%)
Atlantic Canada	66,900	5.7%
Newfoundland and Labrador	14,200	6.1%
Prince Edward Island	4,800	5.7%
Nova Scotia	27,800	5.7%
New Brunswick	20,100	5.4%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce Characteristics

AFS workers are extremely young as the percentage of workers aged 15 to 24 years is 42.3%, which is over triple the all-industry average of 13.5%. The majority (62.3%) of AFS workers are female relative to 49.3% across all industries.

Education levels are low in the industry as only 26.5% of workers have a postsecondary degree or certificate compared to the all-industry average of 38.8%. Moreover, AFS workers are also less than half as likely to have a university degree (12.1%) compared to workers across all industries (29.6%). This is likely due to the number of students and/or youth working in the industry.

The number of part-time workers in AFS is over double the all-industry average at 39.2% and 15.7% respectively. There are also a significant number of temporary foreign workers employed in AFS to fill vacant positions.

Main Occupations

Food counter attendants, kitchen helpers and related support occupations make up the largest share of occupations in the industry. This is followed by cooks, food and beverage servers, food service supervisors, and restaurant and food service managers.

The restaurant and food service managers occupation has decreased in importance as its share fell by 2.3 percentage points (p.p.) from 2012 to 2022. Meanwhile, food counter attendants, kitchen helpers and related support occupations has grown in importance as its share increased by 4.4 p.p. over the same period. All other changes were insignificant.

Top 5 largest occupations	Employed 2022	% Share of Industry
Food counter attendants, kitchen helpers and related support occupations	17,300	25.9%
Cooks	9,350	14.0%
Food and beverage servers	7,800	11.7%
Food service supervisors	4,400	6.6%
Restaurant and food service managers	4,000	6.0%

Source: ESDC/Service Canada



RECENT HISTORY

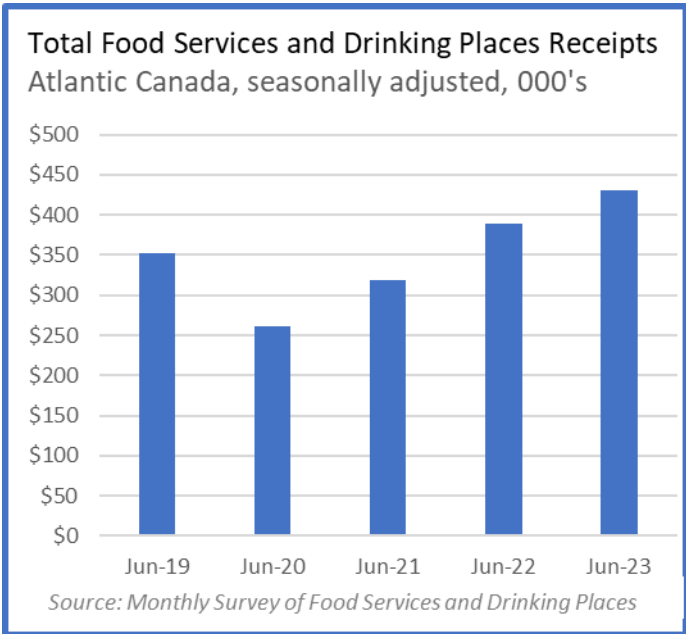
Employment rose, in 2022, for the first time since the pandemic struck in 2020, though it is still well below pre-pandemic levels. Increased demand due to the removal of travel restrictions likely drove the increase as more customers from cruise ships, planes, and cross-border automobile trips were present.

Despite the rise in demand, many workers left the industry during the pandemic and never returned following the recovery. This led to a severe labour shortage throughout the industry with quarterly (Q1 2023) vacancy rates of 4.4% in Newfoundland and Labrador, 6.2% in Nova Scotia, and 7.2% in New Brunswick (data was unavailable in Prince Edward Island).

Companies offered a variety of benefits to entice workers to the industry. This included higher wages, paid vacation days, health and dental insurance, and increased flexibility regarding scheduling and work location. Some employers have used temporary foreign workers to fill their vacant positions. Online reservations and ordering has also been a useful tool for businesses to combat the labour shortage as it requires less manpower. However, it is mostly large businesses that are using the technology.

Rising interest rates, ingredient prices, and inflation have also challenged the industry. Operators having higher rent and mortgage costs, coupled with lower demand stemming from higher menu prices and lower disposable incomes, has strained the industry. Other threats to the industry include a lack of housing and public transportation for staff, and rising labour costs.

Total food services and drinking places receipts increased by 22.3% from June of 2019 to June 2023. Interestingly, the number of hours worked per week in the AFS industry has remained well below 2019 levels. The strong demand coupled with being understaffed has led to burnout amongst AFS employees.



OUTLOOK

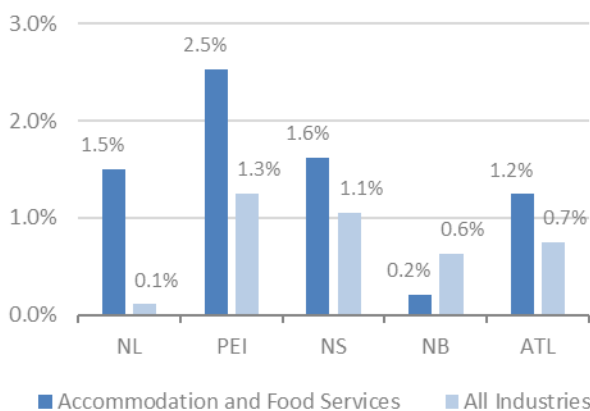
AFS employment growth is expected to be much greater than the all-industry average in Newfoundland and Labrador, Prince Edward Island, and Nova Scotia. It is projected to be slightly less than the all-industry average in New Brunswick.

Continued post-covid recovery will generate industry growth as the return of cruise ship traffic and pent-up travel demand from the pandemic will act as main drivers of the increases. Population growth will also play a role in the employment gains. Regulations to Airbnb in Halifax and potentially other jurisdictions will impact employment through increased hotel and motel bookings.

Labour shortages are expected to constrain growth in the industry over the next few years. Rising prices and lower disposable incomes are also challenges for the industry. However, expected decreases in inflation should result in a rise in disposable income and subsequent AFS spending.

It is unlikely that the Canada Emergency Business Account (CEBA) loans given out during the start of the pandemic will be fully paid back. There is concern that a significant number of smaller restaurants may be forced to close or reduce staff when the payments become due on December 31, 2023.

**Projected Average Annual Employment Growth Rate (%),
Atlantic Provinces, 2023-2025**



Source: ESDC/Service Canada

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

The analysis in this report was finalized as of **September 2023**.

Prepared by: Labour Market Analysis Directorate, Service Canada – Atlantic Region

For further information, you may contact us at: ATL-LMI-IMT-GD@servicecanada.gc.ca

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APPENDIX

Real GDP (2022) and Employment (2022) for Atlantic Canada

	Accommodation and Food Services			All Industries		
	Number	Share of		Number	Share of	
		Total	AAGR*		Total	AAGR*
Real GDP (M\$)	\$2,171.9	100.0%	0.6%	\$109,227.1	100.0%	1.0%
Newfoundland and Labrador	\$508.7	23.4%	0.9%	\$30,150.3	27.6%	0.1%
Prince Edward Island	\$206.1	9.5%	3.6%	\$6,542.6	6.0%	2.5%
Nova Scotia	\$867.1	39.9%	0.3%	\$40,011.5	36.6%	1.5%
New Brunswick	\$590.0	27.2%	-0.2%	\$32,522.7	29.8%	1.1%
Employment (000s)	66.9	100.0%	-1.0%	1175.2	100.0%	0.4%
Male	25.3	37.7%	-0.5%	596.0	50.7%	0.4%
Female	41.6	62.3%	-1.4%	579.2	49.3%	0.5%
15-24 years old	28.3	42.3%	-0.2%	158.7	13.5%	0.4%
25-54 years old	29.7	44.4%	-2.3%	734.4	62.5%	-0.2%
55 years and older	8.9	13.3%	0.9%	282.1	24.0%	2.2%
Worked full-time	40.7	60.8%	-1.4%	990.6	84.3%	0.6%
Worked part-time	26.2	39.2%	-0.4%	184.6	15.7%	-0.4%
Self-employed	3.8	5.7%	-3.4%	123.2	10.5%	-1.0%
Employees	63.1	94.3%	-0.9%	1052.0	89.5%	0.6%
Permanent job	49.9	74.6%	-0.9%	884.4	75.3%	1.0%
Temporary job	13.2	19.7%	-0.8%	167.6	14.3%	-1.4%
Less than high school	15.1	22.5%	-1.9%	95.5	8.1%	-3.9%
High school graduate	26.0	38.9%	-2.1%	275.3	23.4%	-0.5%
Postsecondary cert. or diploma	17.7	26.5%	0.4%	456.3	38.8%	0.3%
University degree	8.1	12.1%	1.9%	348.2	29.6%	3.3%
Newfoundland and Labrador	14.2	21.2%	-0.5%	232.5	19.8%	-0.3%
Prince Edward Island	4.8	7.2%	-1.4%	84.3	7.2%	1.5%
Nova Scotia	27.8	41.6%	-1.2%	484.9	41.3%	0.6%
New Brunswick	20.1	30.0%	-1.1%	373.5	31.8%	0.5%

Source: Statistics Canada, Labour Force Survey - Custom Table; Table 36-10-0402-01

*Average annual growth rate for last ten years of available data (GDP 2013-22 and Employment 2013-22)

