



# Sectoral Profile

## Arts, Entertainment and Recreation

Ontario

2017-2019



Sectoral Profiles provide an overview of recent labour market developments and outlooks for some of the key industries in various regions of the country.

### MINIMAL EMPLOYMENT GROWTH EXPECTED FOR THE ARTS, ENTERTAINMENT AND RECREATION SECTOR

- The Arts, Entertainment and Recreation (AER) sector recorded moderate employment growth in Ontario between 2007 and 2016, increasing by 6.8%
- The promotion of active lifestyles and an increase in tourism may support sector employment growth during the forecast period
- On the other hand, employment growth may be constrained by high household debt levels, the gradual rise of the Bank of Canada's benchmark interest rate, and the retirement of baby boomers
- As a result, we expect minimal employment growth of 0.6% between 2017 and 2019

#### Arts, Entertainment and Recreation

The arts, entertainment, and recreation (AER) sector is relatively small sector in Ontario, employing about 170,400 people<sup>1</sup> and contributing less than one percent to Ontario's gross domestic product (GDP) in 2016.<sup>2</sup> The following three subsectors make up the AER sector: performing arts, spectator sports and related industries; heritage institutions, such as museums and art galleries; and amusement, gambling and recreation industries. The amusement, gambling and recreation industries subsector is the largest of the three subsectors, representing 60.9% of employment in the overall AER sector.<sup>3</sup>

#### Employment growth in AER was slow over the past decade

The AER industry recorded moderate employment growth in Ontario over the past decade, increasing by 6.8% between 2007 and 2016.<sup>4</sup> In comparison, total employment for all industries increased by 6.9% during the same time frame. Unemployment in the AER sector was 7.0% in 2016,<sup>5</sup> compared with 6.5% for all industries.<sup>6</sup>

The following occupations make up a fifth of the workforce in the AER sector:<sup>7</sup>

- Program leaders and instructors in recreation, sport and fitness (NOC 5254)
- Operators and attendants in amusement, recreation and sport (NOC 6722)
- Landscaping and grounds maintenance labourers (NOC 8612)

A higher proportion of workers in the AER sector are self-employed compared with the industrial average. Nearly a quarter of those in the AER sector are self-employed, versus 14.8% for all industries.<sup>8</sup> In addition, 41.5% of those employed in the AER sector are in part-time roles, versus 19.0% of all industries in Ontario.<sup>9</sup> Almost half of those working part-time in the AER industry are between the ages of 15-24, versus 34.6% for all industries.

In 2016, a third of people employed in the AER sector were between the ages of 15 and 24, versus about 13.2% for all industries.<sup>10</sup> This sub sector is highly seasonal with amusement park and golf club employment peaking in the summer and ski resort employment peaking in the winter. The younger workforce is likely attracted to the non-traditional hours and the seasonality of many jobs, allowing youth to work outside of typical school hours. The AER sector is also highly accessible to younger workers due to the lower educational and skill requirements relative to other industries.

Within the AER sector, a high proportion of younger workers are employed in the amusement, gambling, and recreation subsector.<sup>11</sup> This subsector is highly accessible to younger workers due to lower educational requirements<sup>12,13</sup> and the flexibility of working part-time.

### **Debt, the uptake of active lifestyles, retirement, and tourism all affect industry growth**

#### *The growth of consumer debt and the gradual rise of interest rates are likely to hamper sector demand*

Employment growth in the AER sector is partly dependent on the strength of the economy and disposable income levels. As the economy slows or disposable income drops, Canadians are less likely to conduct leisure activities. In Canada, the household debt-to-disposable-income ratio is at all-time highs,<sup>14,15</sup> indicating that consumers have high levels of debt relative to their income. During 2018 and 2019, household spending may be curbed to replenish savings and reduce debt. In addition, the Bank of Canada is expected to continue raising their benchmark interest rate from historically low levels, which may further limit leisure spending.<sup>16</sup>

#### *The adoption of active lifestyles may drive some sector demand*

Over the last decade, healthcare professionals have promoted active lifestyles. The promotion and adoption of active recreational activities may drive some demand for this sector.<sup>17</sup> Between 2010 and 2014, household spending on recreational services increased by 26.8%, whereas total expenditure increased by only 11.7%. On the other hand, household spending on museums, zoos, and other sites was down by 53.1%,<sup>18</sup> which may offset sector demand.

#### *Leisure time during retirement may drive some sector demand, but this will be limited due to lower incomes*

Another aspect that can be both a driver and an impediment to sector employment growth is retirement. As waves of baby boomers retire, this segment of the population will have more leisure time. On the other hand, the shrinking size of the working-age population also means slower growth in consumer spending. For example, a lower income during retirement may constrain the amount of money baby boomers are able to spend on leisure activities. In addition, the proportion of Canadians aged 65 and over who have some form of debt is increasing, particularly in the mortgages of their principal residences.<sup>19</sup> Thus, a possible slowdown in the housing market during the forecast period could result in a further decline in consumer spending.<sup>20</sup>

#### *Tourism is likely to support sector demand*

The value of the CAD/USD exchange rate and the strength of the economies of other nations - particularly the U.S. due to its proximity to Ontario - drive much of the growth in tourism in Ontario.<sup>21</sup> A lower CAD/USD exchange rate provides an incentive for visits to Canada. Given the recent depreciation of the Canadian dollar

and the strengthening US economy, we expect an increase in tourism over 2018 and 2019, which will positively affect Ontario's AER sector.

The low CAD/USD should also compel Canadians to take domestic trips rather than travel abroad. As the weaker dollar makes overseas travel more expensive for Canadians, providers of outdoor sports and recreational services may also benefit from an increase in these activities by visitors from other provinces and within Ontario.

### Sector Outlook

Although the adoption of active lifestyles, an increase in leisure time during retirement, and tourism growth are likely to drive demand for the sector, this will be offset by high income-to-debt ratios, possible interest rate hikes by the Bank of Canada, and lower income during retirement. Thus, we expect minimal employment growth over the 2017 to 2019 forecast period of 0.6%.

### Sub-provincial Trends

The **Hamilton-Niagara Peninsula** economic region is a popular tourist destination, with many large casinos and gaming facilities. Due to the proximity to the U.S., the share of U.S. visitors to the region is high. As a result, tourism is particularly susceptible to changes in the CAD/USD exchange rate and the strength of the U.S. economy. The weakening of the Canadian dollar and the continued strengthening of the U.S. economy is likely to increase tourism to the region over the next few years.

**Toronto** is home to many cultural institutions, such as museums and art galleries, and hosts 7 professional sports teams. It is also a popular destination for tourists and attracted about 40 million visitors in 2015.<sup>22</sup> Industry growth during the forecast period may be driven by the partnership of Great Canadian Gaming Corporation and Brookfield Business Partners, who won the Ontario Lottery and Gaming Corporation bidding process for Woodbine and Ajax Downs racetracks and Great Blue Heron charity casino on Scugog Island near Port Perry.<sup>23</sup> Although details of the expansions have not been announced, they may result in a large number of new jobs for Toronto economic region.

The economic region of **Ottawa** is home to many tourist attractions, such as the parliament building, national museums, and outdoor activities. In addition, gradual employment growth in the federal public sector could lead to some recreational spending in the region.

An expanded gaming site may be coming to Ottawa during the forecast period. Hard Rock International plans to transform the Rideau Carleton Raceway into Hard Rock Casino Ottawa.<sup>24</sup> The company hopes to expand the site beginning in 2019 into a hotel, 2,000-seat music venue, a bar, and 13,000 square meters of gaming space, while maintaining the racetrack.

The **Muskoka-Kawarthas** and **Stratford-Bruce Peninsula** economic regions are home to a high concentration of cottages, cabins, and RV and campgrounds. These regions attract many tourists interested in outdoor activities and sports.<sup>25</sup> Consequently, tourism thrives in the summer months and falls off significantly thereafter.<sup>26</sup>

The **Windsor-Sarnia** economic region borders the U.S., and therefore has a large share of U.S. visitors. As the Canadian dollar becomes cheaper relative to the U.S. dollar, day travel in the region should see more activity.

The **London** economic region may see industry employment growth during the forecast period. A private casino operator, Gateway Casinos and Entertainment, has taken over the Ontario Lottery and Gaming Corporation's (OLG) regional operations.<sup>27</sup> The company plans to expand the slots at Western Fair District in London, investing more than \$200 million in the region and adding hundreds of jobs. Other locations that may

see investment and employment growth include a casino in Point Edward, slot-machine operations at Woodstock Raceway, Clinton Raceway, Dresden Raceway, and the Hanover Raceway

In the **Northwest and Northeast** economic regions, the largest share of tourists originate from Ontario, although US visitors make up a substantial portion as well. The main attractions are related to boating, fishing and hunting. These two northern regions are home to a very large share of the province's RV parks and recreational camps. The weakening of the Canadian dollar is likely to increase domestic tourism to the region over the next few years.

In 2018, North Bay will host the 2018 World Women's Curling Championship. The 12-team tournament will be held in Ontario for the first time since 1996 and is expected to temporarily create jobs and bring tourists to the region.<sup>28</sup>

**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.

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<sup>1</sup> Statistics Canada, Labour Force Survey

<sup>2</sup> Statistics Canada, CANSIM Tables 379-0028

<sup>3</sup> Statistics Canada, Labour Force Survey

<sup>4</sup> Statistics Canada, Labour Force Survey, custom table

<sup>5</sup> Statistics Canada, Labour Force Survey, custom table

<sup>6</sup> Statistics Canada, Labour Force Survey, custom table

<sup>7</sup> Statistics Canada, National Household Survey, custom table

<sup>8</sup> Statistics Canada, Labour Force Survey, custom table

<sup>9</sup> Ibid.

<sup>10</sup> Statistics Canada, Labour Force Survey, custom table

<sup>11</sup> Statistics Canada, Labour Force Survey, custom table

<sup>12</sup> Statistics Canada, Labour Force Survey, custom table

<sup>13</sup> Statistics Canada, Labour Force Survey, custom table

<sup>14</sup> Statistics Canada, CANSIM Table 378-0122

<sup>15</sup> Government of Canada, Statistics Canada. (2017, September 15). National balance sheet and financial flow accounts, second quarter 2017. Retrieved from <http://www.statcan.gc.ca/daily-quotidien/170915/dq170915a-eng.htm>

<sup>16</sup> Schnurr, Leah and Bararia, Anu. (2017, September 7). Bank of Canada done with interest-rate hikes for 2017: poll. *The Globe and Mail*. Retrieved from <https://beta.theglobeandmail.com/globe-investor/personal-finance/household-finances/bank-of-canada-done-with-interest-rate-hikes-for-2017-poll/article36202608/?ref=http://www.theglobeandmail.com&>

<sup>17</sup> Government of Canada, Statistics Canada. (2014, April 23). Who participates in active leisure? Retrieved from <http://www.statcan.gc.ca/pub/11-008-x/2009001/article/10690-eng.htm>

<sup>18</sup> Statistics Canada, CANSIM Table 203-0021

<sup>19</sup> Statistics Canada, CANSIM Table 205-0002

<sup>20</sup> Hopkins, Andrea. (2017, August 1). With housing slowdown looming, Canadian realtors brace for the end of the boom. *The Globe and Mail*. Retrieved from <https://beta.theglobeandmail.com/real-estate/the-market/in-canada-a-nation-of-realtors-braces-for-the-end-of-the-boom/article35858679/?ref=http://www.theglobeandmail.com&>

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<sup>21</sup> Statistics Canada, CANSIM Table 427-0005

<sup>22</sup> City of Toronto. (2015). Tourism. Retrieved from <https://web.toronto.ca/business-economy/industry-sector-support/tourism/>

<sup>23</sup> Rider, David. (2017, August 8). Woodbine's 'city-within-a-city' casino expansion expected to generate 2,500 jobs. *Toronto Star*. Retrieved from [https://www.thestar.com/news/city\\_hall/2017/08/08/great-canadian-gaming-brookfield-partnership-picked-to-run-toronto-area-casinos.html](https://www.thestar.com/news/city_hall/2017/08/08/great-canadian-gaming-brookfield-partnership-picked-to-run-toronto-area-casinos.html)

<sup>24</sup> Willing, Jon. (2017, May 15). Rideau Carleton Raceway set to become the Hard Rock Casino Ottawa. *Ottawa Citizen*. Retrieved from <http://ottawacitizen.com/news/local-news/rideau-carleton-raceway-set-to-become-the-hard-rock-casino-ottawa>

<sup>25</sup> Government of Ontario, Ministry of Tourism, Culture and Sport. (2016, January 19). Regional Tourism Profiles. Retrieved from <http://www.mtc.gov.on.ca/en/research/rtp/rtp.shtml>

<sup>26</sup> Muskoka Tourism Marketing Agency. (2015, November 11). Muskoka assessment project. Retrieved from [http://www.mtc.gov.on.ca/en/publications/PR\\_Muskoka.pdf](http://www.mtc.gov.on.ca/en/publications/PR_Muskoka.pdf)

<sup>27</sup> Brown, Dan. (2017, May 9). Gambling: OLG's new operator in London and region promises \$200-million improvement. *The London Free Press*. Retrieved from <http://www.stthomastimesjournal.com/2017/05/09/gambling-olgs-new-operator-in-london-and-region-promises-200-million-improvement>

<sup>28</sup> CBC News. (2016, December 6). North Bay selected for 2018 world curling championship. Retrieved from <http://www.cbc.ca/news/canada/sudbury/womens-curling-championship-1.3883470>