

UP-TO-DATE ANALYSIS

THE IMPACT OF COVID 19

ON LOCAL LABOUR MARKET

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LABOUR MARKET DATA – PEEL AND HALTON REGIONS

The COVID pandemic, together with the accompanying lockdowns and precautions, upended our economy and labour market in a way that we have not seen since the Great Depression in the 1930s. In this section, we will provide a picture of its impact. To do so it requires accommodating to the data which is available to us.

For basic unemployment data, there is Statistics Canada monthly Labour Force Survey data. For more detailed labour force characteristics and employment data by industry and occupation, the data which is available relies on three-month moving averages. Because it is a survey and has a limited sample size, for smaller geographies Statistics Canada makes the Labour Force Survey sample more robust by averaging the results across three months, so that the reported figure for May is the average of the data for March, April and May. A three-month moving average will therefore have a time delay in terms of the impact of changes in any given month and it will also dampen the impact of any given month because that month's numbers are averaged with two other months. These are caveats to keep in mind when reviewing the following data, some of which relies on three-month moving averages.

Monthly unemployment rate

Table 1 provides the monthly unemployment rates for the Toronto Census Metropolitan Area (CMA)¹ and for the rest of Ontario minus the Toronto CMA numbers. There is less point comparing the Toronto CMA data to that of all of Ontario because the Toronto CMA accounts for almost half (48%) of Ontario. It makes for a far more accurate contrast to compare the Toronto CMA to the rest of Ontario after the Toronto CMA numbers have been taken out. Indeed, on many labour market issues, the Toronto CMA is distinct from the rest of Ontario, as was the case with COVID, when restrictions were in place longer in the City of Toronto and Peel Region than in most other parts of the province. (The figures in Table 1 are illustrated in Chart 1.)

Table 1: Monthly unemployment rates, Toronto CMA and the rest of Ontario, 2020

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
REST OF ONTARIO											
5.4%	5.6%	8.3%	11.4%	12.2%	10.4%	9.8%	10.1%	7.5%	7.3%	6.9%	7.1%
TORONTO CMA											
5.0%	5.4%	7.8%	11.2%	15.8%	14.4%	14.9%	13.7%	10.8%	10.3%	9.9%	10.1%

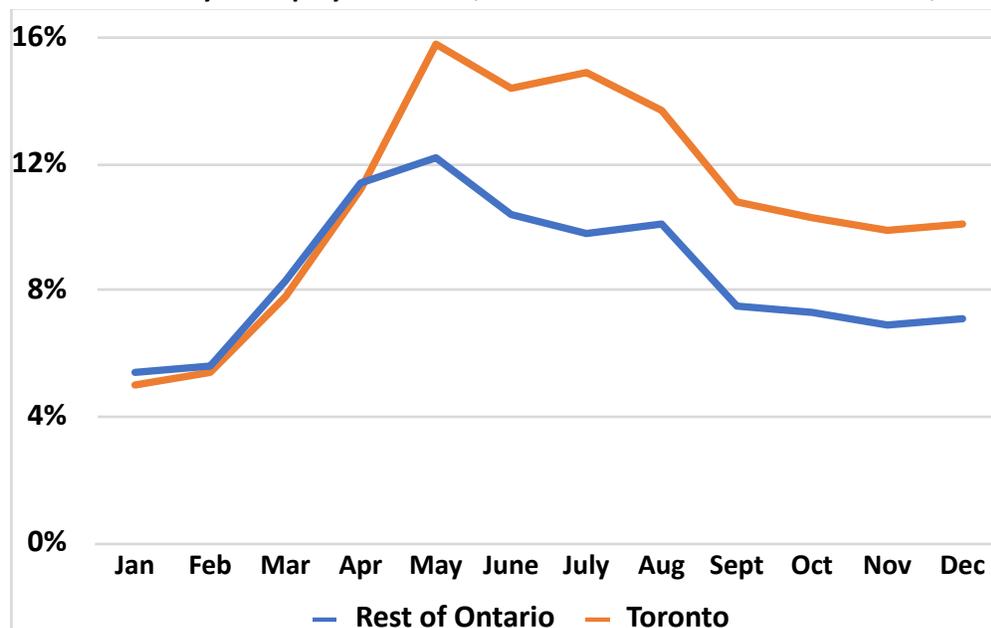
Statistics Canada, Table 14-10-0017-01 and Table 14-10-0294-01

Through the first four months of the year, the unemployment rates for the rest of Ontario and for the Toronto CMA moved in tandem, with the rate for the rest of Ontario being slightly higher. As COVID was taking hold, the unemployment rate rose, starting with the lockdown announced in mid-March and

¹ The Toronto CMA encompasses the City of Toronto, York Region, Peel Region, all of Halton Region except Burlington, a portion of Durham Region (Pickering, Ajax and Uxbridge), together with New Tecumseth and Bradford West Gwillimbury (Simcoe County) and Mono (Dufferin County).

spiked much higher for the Toronto CMA, with the Toronto CMA having an unemployment rate around 3% or more higher than the rest of Ontario for the rest of the year.

Chart 1: Monthly unemployment rates, Toronto CMA and the rest of Ontario, 2020



Statistics Canada, Table 14-10-0017-01 and Table 14-10-0294-01

Participation rate, three-month moving average

The participation rate measures the proportion of potential working population (everyone aged 15 years or older) who are either employed or actively looking for a job. Table 2 provides the participation rate for males and females in the Toronto CMA over the last year for those aged between 15 and 55 years old (Chart 2 shows the data). Table 3 and Chart 3 provides the same data for the rest of Ontario.

Table 2: Participation rate, three-month moving average, males and females aged 15-55 years old, Toronto CMA, 2020

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Male participation rate												
	80.7%	80.2%	79.5%	77.2%	75.6%	76.6%	79.9%	83.0%	83.9%	83.4%	82.9%	82.2%
Female participation rate												
	75.3%	75.2%	73.3%	69.9%	68.5%	70.3%	73.9%	76.1%	76.4%	76.4%	75.8%	75.2%
Difference between male and female participation rates												
	5.4%	5.0%	6.2%	7.3%	7.1%	6.3%	6.0%	6.9%	7.5%	7.0%	7.1%	7.0%

Statistics Canada, Table 14-10-0095-01

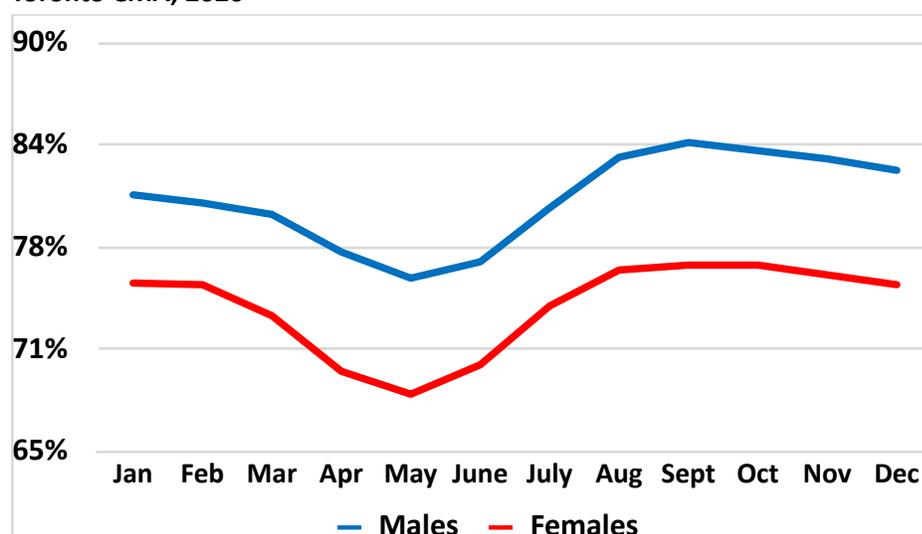
Table 3: Participation rate, three-month moving average, males and females aged 15-55 years old, rest of Ontario, 2020

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Male participation rate											
81.8%	83.5%	80.7%	73.9%	81.2%	88.8%	88.6%	87.4%	83.4%	82.4%	83.9%	83.6%
Female participation rate											
78.1%	77.6%	72.0%	66.5%	74.9%	81.1%	80.5%	79.9%	76.6%	78.0%	77.6%	77.6%
Difference between male and female participation rates											
3.7%	5.9%	8.7%	7.4%	6.3%	7.7%	8.1%	7.5%	6.8%	4.4%	6.3%	6.0%

Statistics Canada, Table 14-10-0017-01

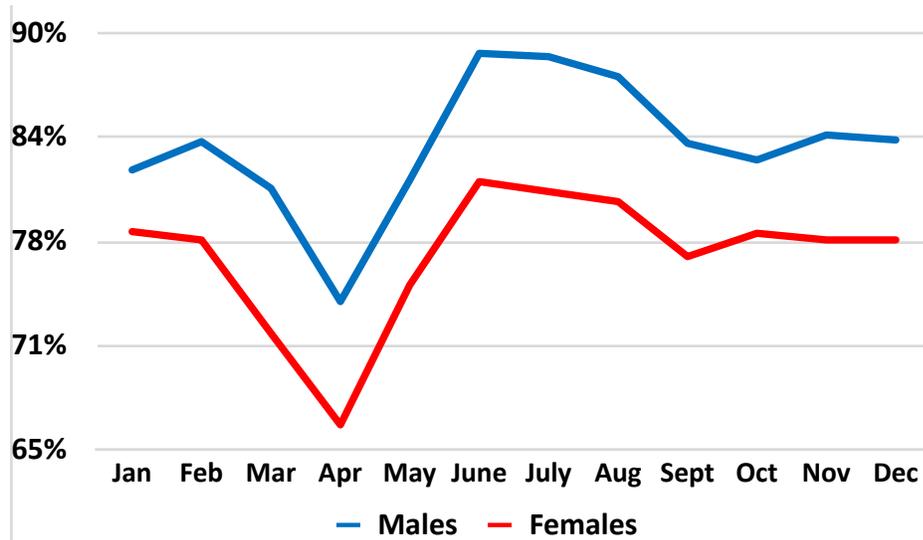
It would appear that while the pandemic caused the unemployment rate to rise more sharply in the Toronto CMA, in the rest of Ontario the impact was felt as a deeper drop in the participation rate. The difference is made clear by the contrasting trends illustrated in Charts 2 and 3. In addition, in both the Toronto CMA and the rest of Ontario, the gap in the participation rate between males and females widened during the peak of the pandemic. This is likely due to the fact that women were employed in industries more likely to have shut down during the lockdown and, for those with school-age children, were more likely to take on child-minding and teaching roles as childcare centres and schools experienced their restrictions and/or reduced in-person attendance.

Chart 2: Participation rate, three-month moving average, males and females aged 15-55 years old, Toronto CMA, 2020



Statistics Canada, Table 14-10-0095-01

Chart 3: Participation rate, three-month moving average, males and females aged 15-55 years old, rest of Ontario, 2020



Statistics Canada, Table 14-10-0017-01

Unemployment rate by age, three-month moving average

As certain industries are most affected by the pandemic, youth who typically work in these industries in greater numbers were especially affected. Table 4 and Chart 4 provide the monthly unemployment rates through 2020 for male and female youth (15-24 years old) and compare it to the unemployment rate for male and female adults aged 25 years and older across Toronto CMA. By way of comparison, Chart 5 illustrates the same results for the rest of Ontario.

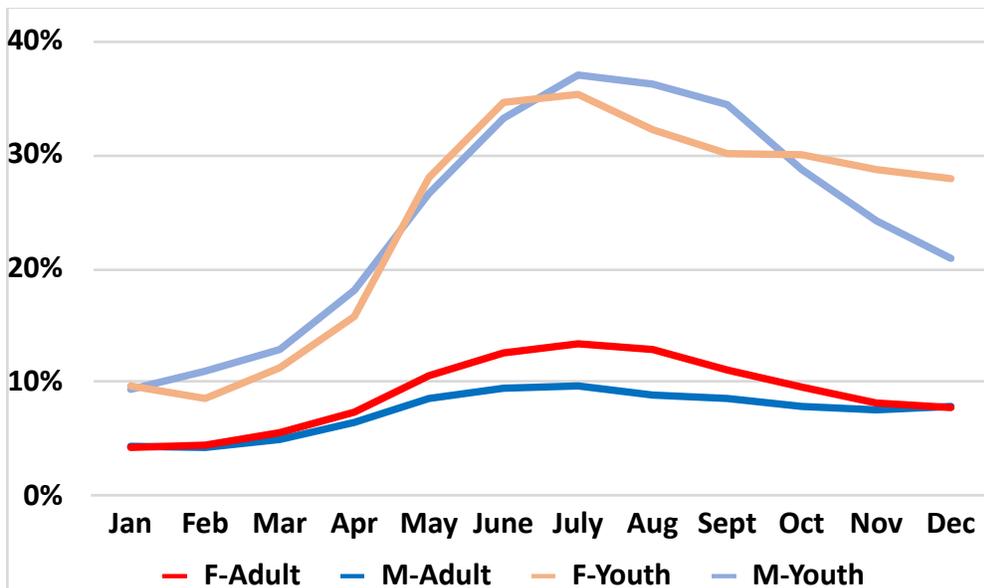
Historically, the youth unemployment rate tends to be around twice as high as the unemployment rate for adults. Through the early months of the year, that pattern held. But by June and July was around two-and-a-half to three-and-a-half times as high, and for male youth the rate spiked to four times that of male adults. As unemployment rates, started coming down, the rate for female youth has stayed stubbornly high, in the upper 20% range. Female adults also saw their unemployment rate increase more relative to male adults at the height of the lockdown, but their rates converged by the end of the year.

Table 4: Unemployment rate, three-month moving average, by age groups and gender, Toronto CMA, 2020

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
MALES											
15-24 years old											
9.4%	11.0%	12.9%	18.1%	26.6%	33.2%	37.0%	36.2%	34.4%	28.7%	24.2%	20.9%
25 years and older											
4.4%	4.3%	5.0%	6.5%	8.6%	9.5%	9.7%	8.9%	8.6%	7.9%	7.6%	7.9%
Ratio of youth unemployment rate to adult unemployment rate											
2.1	2.6	2.6	2.8	3.1	3.5	3.8	4.1	4.0	3.6	3.2	2.7
FEMALES											
15-24 years old											
9.7%	8.6%	11.3%	15.8%	28.0%	34.6%	35.3%	32.2%	30.1%	30.0%	28.7%	27.9%
25 years and older											
4.3%	4.5%	5.6%	7.4%	10.6%	12.6%	13.4%	12.9%	11.1%	9.6%	8.2%	7.8%
Ratio of youth unemployment rate to adult unemployment rate											
2.3	1.9	2.0	2.1	2.6	2.8	2.6	2.5	2.7	3.1	3.5	3.6

Statistics Canada, Table 14-10-0095-01

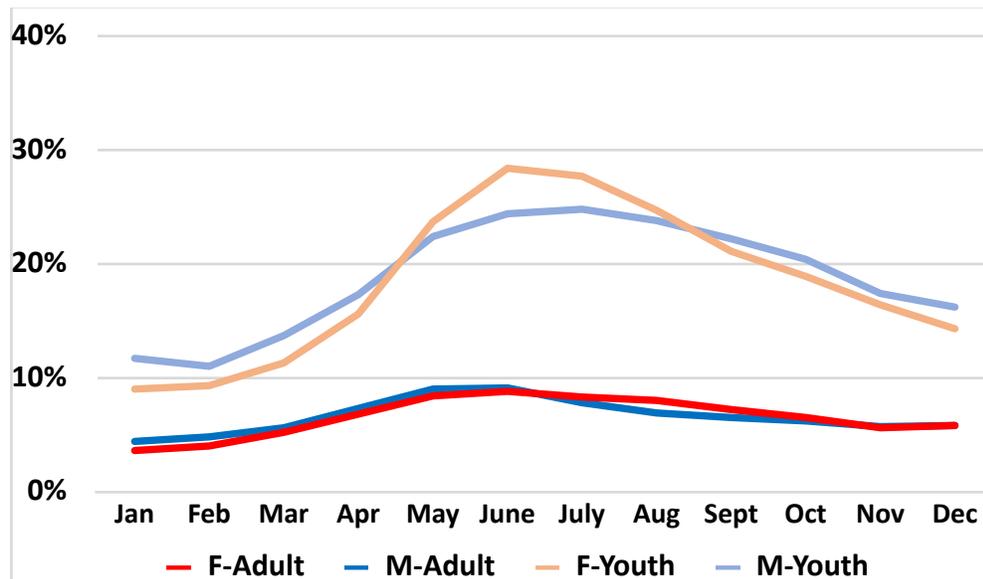
Chart 4: Unemployment rate, three-month moving average, by age groups and gender, Toronto CMA, 2020



Statistics Canada, Table 14-10-0095-01

By comparison, the rest of Ontario (Chart 5) showed lower levels of unemployment across all categories and while youth unemployment also rose to triple that for adults, the level did not rise over 30%. In addition, there was less of a gap between the male and female rates, certainly for adults and for most months for youth as well.

Chart 5: Unemployment rate, three-month moving average, by age groups and gender, rest of Ontario, 2020



Statistics Canada, Table 14-10-0017-01

Unemployment rate by immigration period, three-month moving average

The unemployment rates by immigration period and for Canadian-born are listed in Table 5 and illustrated in Chart 6. The data is a three-month moving average for the Toronto CMA and is focused on prime working age adults (25-54 years old), to remove the additional unemployment experienced by youth.

The usual pattern for unemployment rates by immigration period and for Canadian-born is as follows: the most recent immigrants have the highest unemployment rate, followed by the next most recent cohort and then the one after that, and Canadian-born tend to have the lowest unemployment rate. It has been the case, in recent years, that immigrants who have been in Canada for ten years or more will experience an unemployment rate very similar to someone who was born in Canada.

In the first part of the year, the unemployment rates continue to follow the usual pattern: in January, the unemployment rate for Canadian-born adults was 3.7%, while that for the most recent newcomers was more than twice that, at 8.8%. Starting in September, two trends emerged. Firstly, the unemployment rate for immigrants who had been in Canada for more than 10 years converged to the same level as that for Canadian-born. Secondly, the unemployment rate for recent immigrants (less than 5 years) dipped below that for immigrants who have been in Canada for 5 to 10 years, whose unemployment rate actually increased in December and was 3.5 percentage points above that for recent newcomers. In addition, while the participation rate for all groups declined in April and May, it generally recovered for

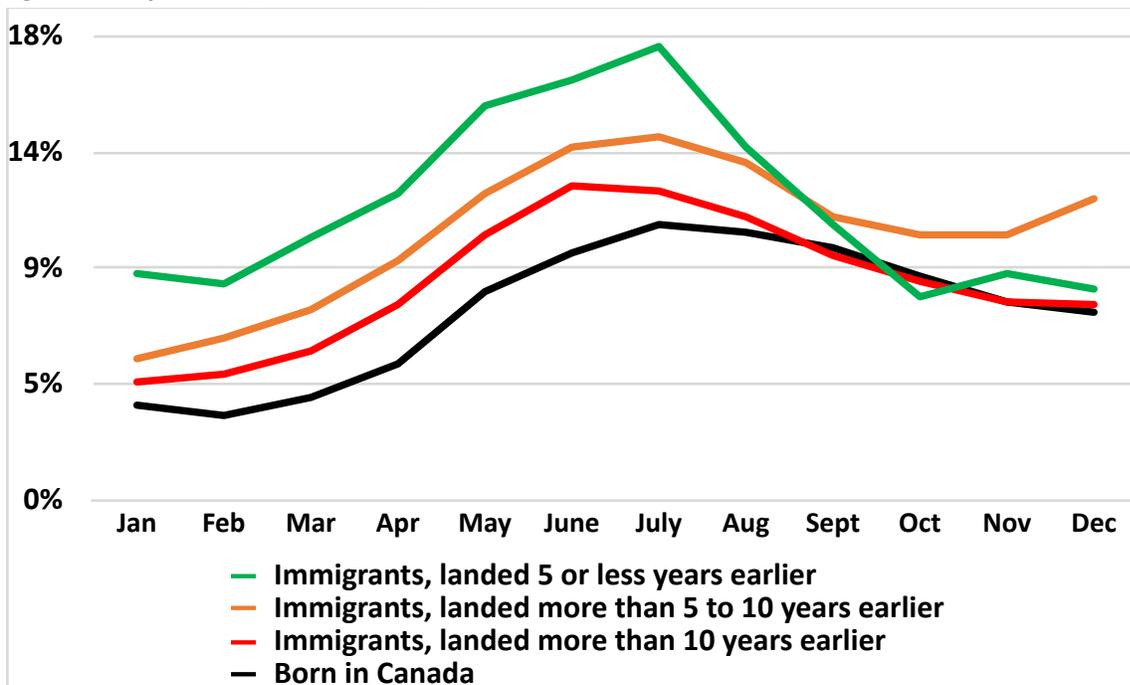
the other categories except for immigrants who have been in Canada for 5 to 10 years, whose participation rate in December remained around three percentage points below what it was in January.

Table 5: Unemployment rate, three-month moving average, immigrants and Canadian-born, residents aged 25-54 years old, Toronto CMA, 2020

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Immigrants, landed 5 or less years earlier											
8.8%	8.4%	10.2%	11.9%	15.3%	16.3%	17.6%	13.7%	10.7%	7.9%	8.8%	8.2%
Immigrants, landed more than 5 to 10 years earlier											
5.5%	6.3%	7.4%	9.3%	11.9%	13.7%	14.1%	13.1%	11.0%	10.3%	10.3%	11.7%
Immigrants, landed more than 10 years earlier											
4.6%	4.9%	5.8%	7.6%	10.3%	12.2%	12.0%	11.0%	9.5%	8.5%	7.7%	7.6%
Born in Canada											
3.7%	3.3%	4.0%	5.3%	8.1%	9.6%	10.7%	10.4%	9.8%	8.7%	7.7%	7.3%

Statistics Canada, Table 14-10-0082-01

Chart 6: Unemployment rate, three-month moving average, immigrants and Canadian-born, residents aged 25-54 years old, Toronto CMA, 2020



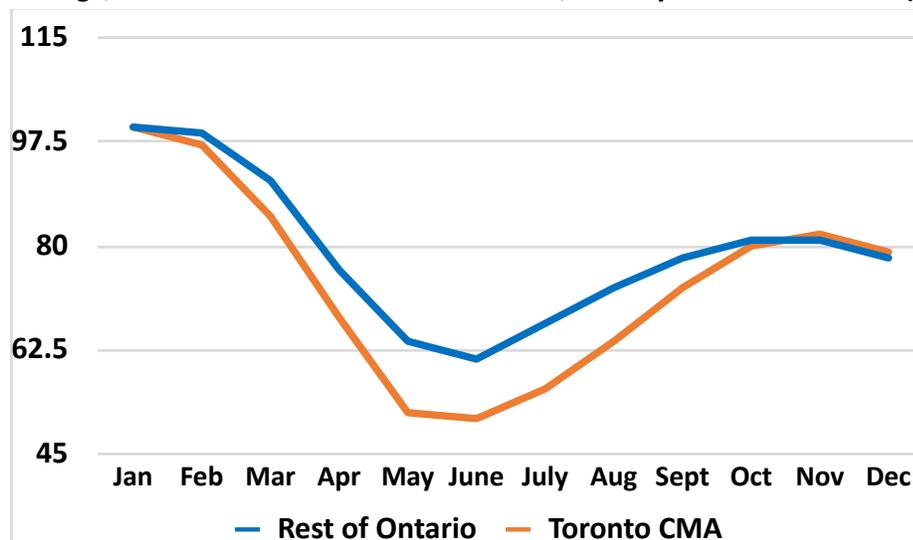
Statistics Canada, Table 14-10-0082-01

Employment by industry, three-month moving average, Toronto CMA

The pandemic affected different industries in varying ways. The following charts illustrate the impact on several industries, comparing the Toronto CMA with the rest of Ontario. In order to illustrate the comparisons, the January employment level is given a value of 100 and each subsequent month is expressed in relation to the January figure. Each of the charts below is scaled to the same values, so that one can also easily make comparisons between the industries.

By far, Accommodation & Food Services has been the industry hardest hit by the pandemic, both in terms of the largest employment losses as well as the lingering consequences of the lockdown and adherence to social distancing.

Chart 7: Number of employed, Accommodation & Food Services industry, three-month moving average, Toronto CMA and the rest of Ontario, January to December 2020 (January = 100)



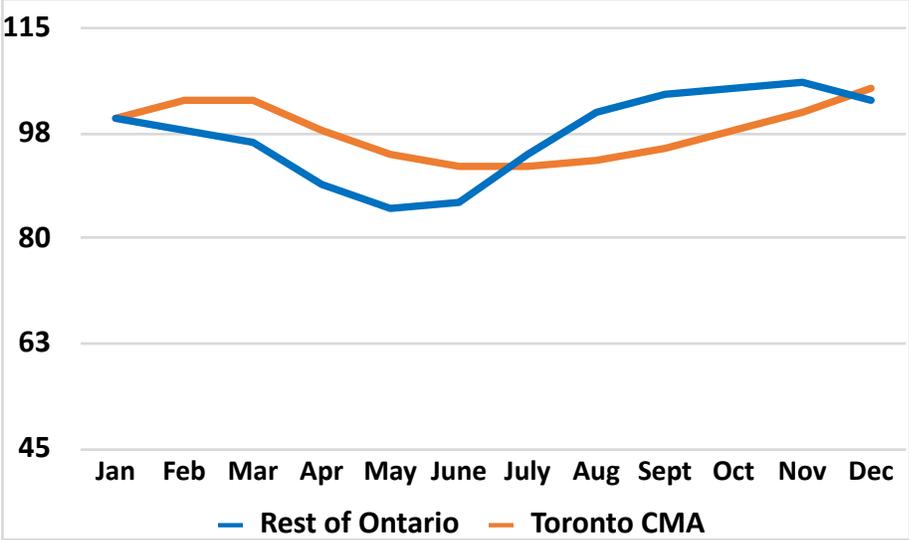
Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

In June, the three-month moving average for employment in the Accommodation & Food Services sector dropped to half of what it was in January in the Toronto CMA (51 compared to 100), considerably lower than the still dismal figure of 61 for the rest of Ontario (Chart 6). By December, the proportions for both areas had only risen back to the 78 to 79 range. Other industries which were in the low 80s in December in the Toronto CMA were Public Administration (80), Transportation & Warehousing (81) and Business, Building and Other Support Services (this includes temp agencies, janitorial and cleaning services, and landscaping).

Almost every industry in the Toronto CMA at some point during 2020 saw their three-month moving average employment number drop below the level that was present in January. Nevertheless, some industries were above their January figure by December, and these consisted of: Manufacturing; Wholesale & Retail Trade; Professional, Scientific & Technical Services; Educational Services; and Information, Culture and Recreation (for the purposes of the Labour Force Survey, this category combines two industries: Information and Cultural Industries did well, but Arts, Entertainment & Recreation did very poorly).

Manufacturing experienced a drop in employment during the first lockdown, less so in the Toronto CMA compared to the rest of Ontario (Chart 8). By August, Manufacturing appears to have recovered its job losses in the Toronto CMA, whereas it took until November for the losses to be made up in the rest of Ontario.

Chart 8: Number of employed, Manufacturing industry, three-month moving average, Toronto CMA and the rest of Ontario, January to December 2020 (January = 100)

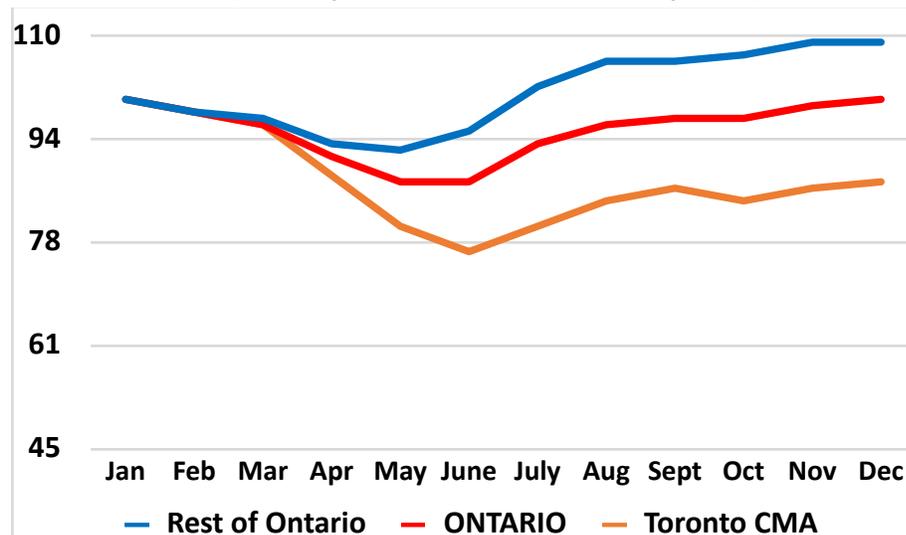


Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

It is worth looking more closely at the Construction industry because it highlights how looking only at data for Ontario obscures how industry and employment dynamics operate differently in the Toronto CMA and the rest of Ontario.

If one relied only on Ontario data, one would conclude that the Construction industry in Ontario lost some jobs through May and June but essentially recovered by December (the red line in Chart 9). However, when one unpacks the data for the Toronto CMA and the rest of Ontario, one can see that the losses were much more pronounced in the Toronto CMA and the employment level in December was only at 87, considerably below the level in January (orange line). On the other hand, employment in the rest of Ontario only dipped slightly, then picked up considerably in the latter half of the year, staying above the level in January from July through December (blue line).

Chart 9: Number of employed, Construction industry, three-month moving average, Toronto CMA and the rest of Ontario, January to December 2020 (January = 100)



Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

Employment by occupation, three-month moving average, Toronto CMA and rest of Ontario

Occupations can be classified according to the education level typically required to qualify for that occupation. The National Occupational Classification divides all jobs into four such categories:

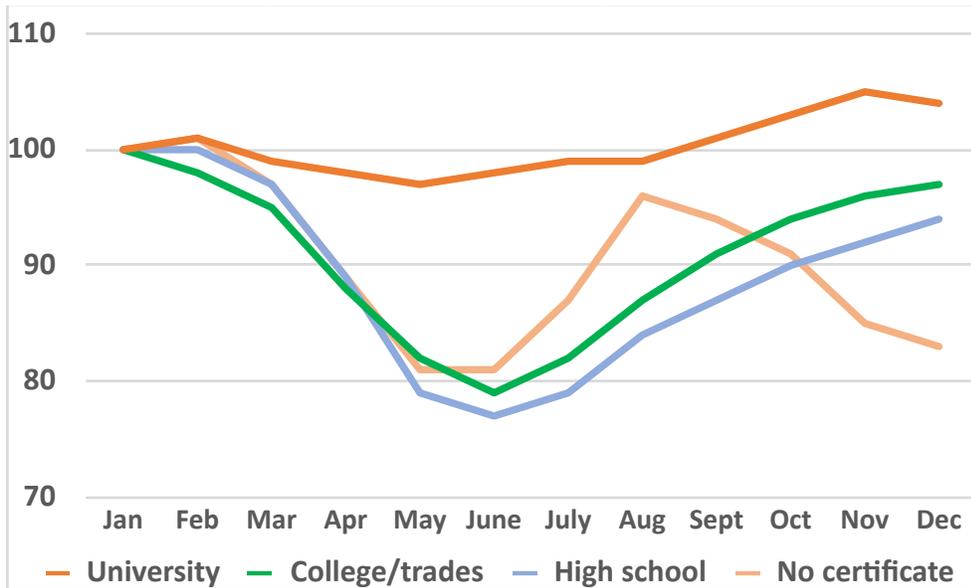
- Jobs usually requiring a university degree (for example: lawyers, accountants, nurses)
- Jobs usually requiring a college diploma or a trades certificate (for example: computer network technicians, medical laboratory technologists, early childhood educators, electricians, auto service technicians)
- Jobs usually requiring a high school diploma (for example: general office clerks, home support workers, retail salesclerks, material handlers, transport truck drivers)
- Jobs which require no educational certificate (for example: cashiers; shelf stockers; food counter attendants; general labourers in construction or manufacturing)

The pandemic affected these categories in different ways and the impact also varied somewhat between the Toronto CMA and the rest of Ontario (Charts 10 and 11). Overall, jobs requiring a university degree were hardly affected, with very limited losses and then employment growth through the fall and early winter.

All other categories experienced notable job losses through April, May and June, particularly in the Toronto CMA. In both areas, jobs requiring a college/trades certificate or a high school diploma recovered somewhat, but in December still stood between 94 and 97 on the scale where 100 represented the employment level in January.

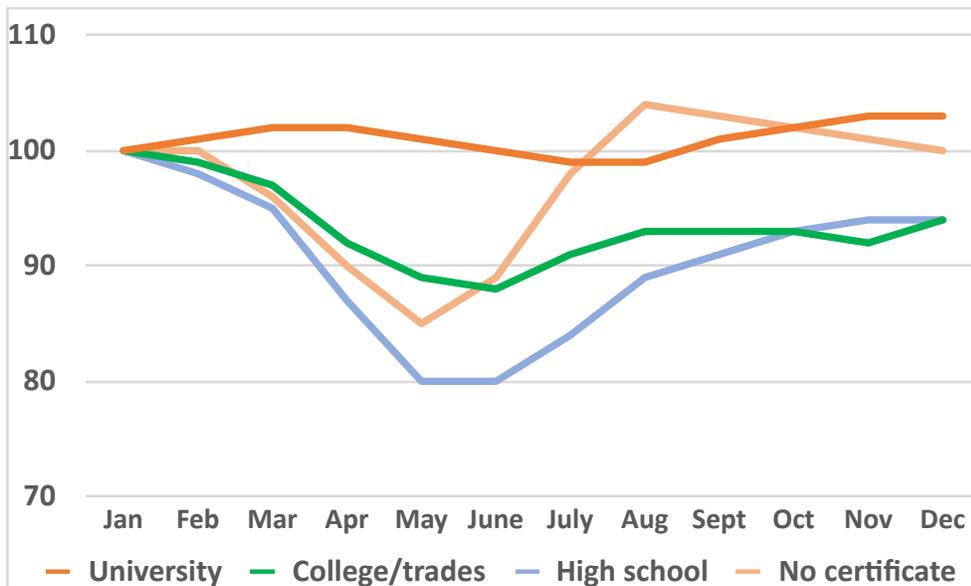
In the Toronto CMA, jobs requiring no certificate recovered somewhat through August, but then tumbled again, closing out the year at 83 in comparison to January's 100. In the rest of Ontario, the recovery continued past August and in December had returned to the employment level that was present in January.

Chart 10: Number of employed by level of education of occupation, three-month moving average, Toronto CMA, January to December 2020 (January = 100)



Statistics Canada, Table 14-10-0311-01 and Table 14-10-0313-01

Chart 11: Number of employed by level of education of occupation, three-month moving average, rest of Ontario, January to December 2020 (January = 100)



Statistics Canada, Table 14-10-0311-01 and Table 14-10-0313-01

Job permanency, Ontario

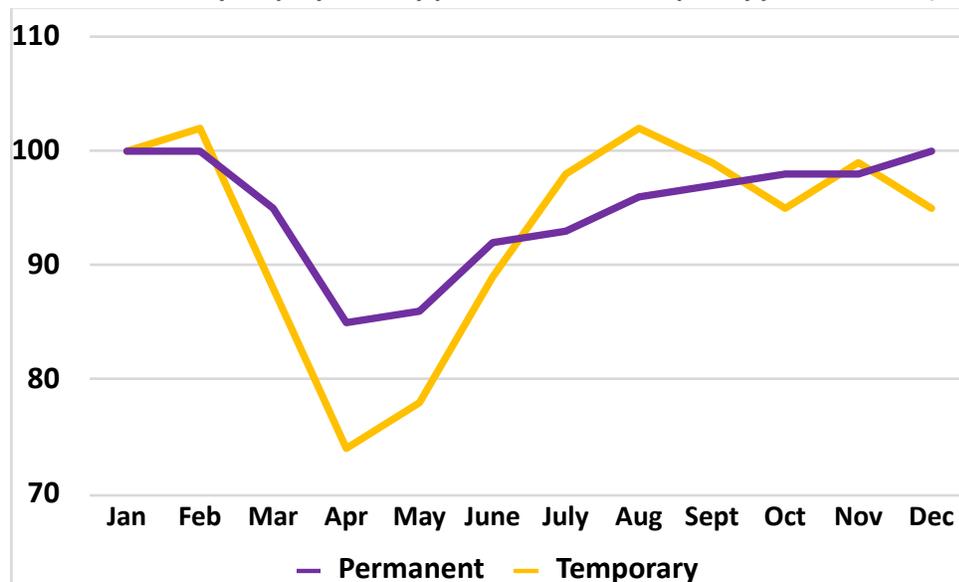
Certain labour force data is only available at the provincial level. Job permanency refers to two types of job arrangements: a permanent job has no pre-determined end date; a temporary job has a pre-determined end date and includes: seasonal; temporary, term or contract, including work done through a temporary help agency; casual job; and other temporary work. Approximately 12% to 13% of Ontario's

workers over the last three years have been employed in temporary jobs (over 30% of youth are employed in temporary jobs and less than 10% of workers aged 25 years or older). Peel Region in particular has a very high proportion of temporary employment agencies among its businesses and so this analysis is of particular relevance, to a lesser extent for Halton Region.

Chart 12 illustrates the relative changes in the number of permanent and temporary jobs in Ontario during the pandemic. The number of jobs for each of the permanent and temporary categories in January is given a value of 100 and each subsequent month is given a value in relation to the number of jobs in January (for example, a value of 95 would mean that the number of jobs were 95% of the figure in January).

As one can see, there was a far greater proportional decline in the number of temporary jobs as opposed to permanent jobs at the start of the pandemic. In part, employers were likely more inclined to shed temporary workers rather than permanent workers, where they had the choice. The rebound in temporary worker employment may in part have been due to increased seasonal hiring in the latter part of the summer after restrictions were relaxed, as well as in part a consequence of employers engaged in tentative hiring, given the uncertain economic situation.

Chart 12: Monthly employment by permanent and temporary jobs, Ontario (January = 100)



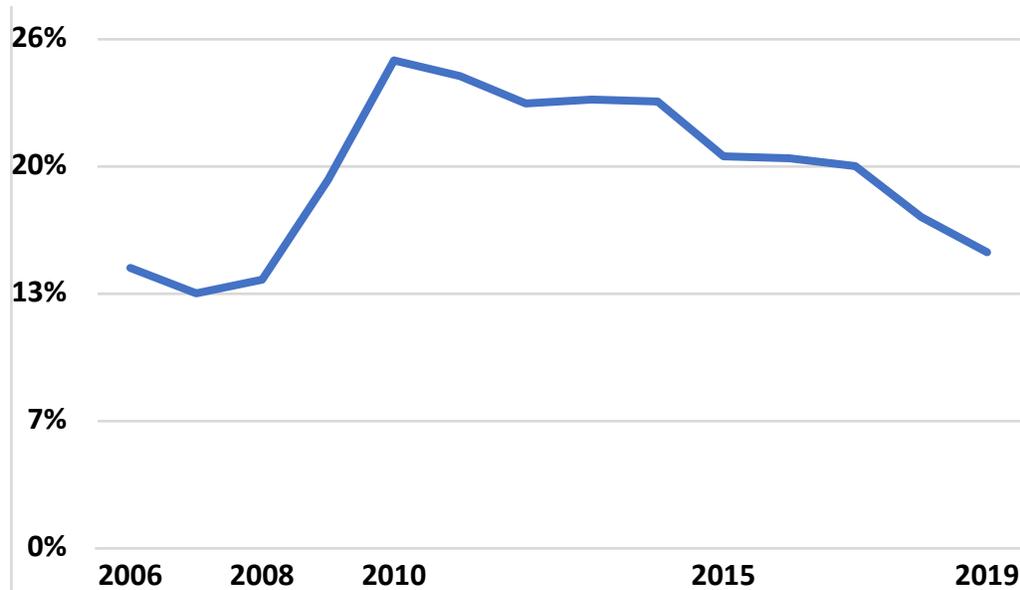
Statistics Canada, Table 14-10-0071-01

Long-term unemployment, Ontario

Another set of data which is only available at the provincial level, measures the length of time during which individuals stay unemployed. With the onset of a recession, not only does unemployment increase, but the proportion of those who remain unemployed for a longer period of time increases and this circumstance continues for some time after a recession. Chart 13 illustrates the trend in long-term unemployment (that is, individuals being unemployed for six months or more) before and after the 2008 recession.

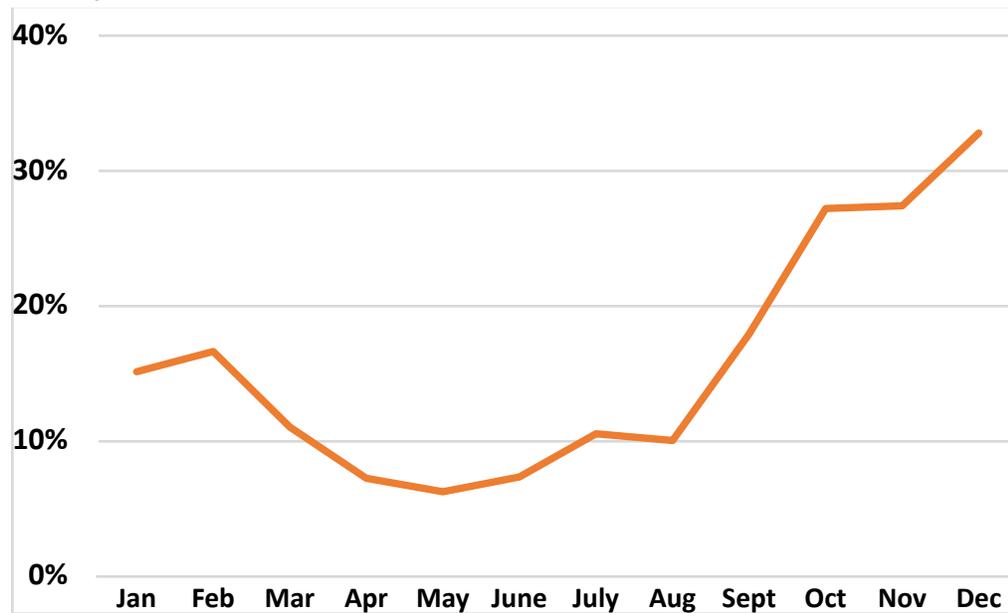
Chart 14 provides the data for long-term unemployed in 2020 for Ontario, from January to December. When the pandemic hit in March, such a large number of individuals became unemployed that, on comparing with the percentage who had been unemployed for six months or more dropped, because this was now a smaller fraction. But within a few months, as the unemployment numbers started falling somewhat, the share of the long-term unemployed rose quite sharply starting in September, six months after March. In December, the proportion of long-term unemployed stood at 32.8%.

Chart 13: Percent of long-term unemployed (unemployed for six months or more), Ontario, 2006-2019



Statistics Canada, Table 14-10-0057-01

Chart 14: Percent of long-term unemployed (unemployed for six months or more), Ontario, January-December 2020



Statistics Canada, Table 14-10-0342-01

A few points to consider:

- 1) At this stage, the number of long-term unemployed can be expected to increase during 2021, for even as a recovery takes hold, individuals who have been unemployed for a longer period of time will have challenges getting re-hired;
- 2) The experience of previous recessions shows us that it will take a number of years for the proportion of long-term unemployed to drop;
- 3) All of which means that employment service providers can expect to see a larger number of long-term unemployed among their clients in 2021 and beyond.