Northwest Training and Adjustment Board

Impact of the COVID-19 Pandemic, Lockdown and Aftermath on the Ontario Labour Market

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2020

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INTRODUCTION

From empty shelves in supermarkets to working at home, from wearing face masks to worrying about elderly relatives in long-term care facilities, it would be hard to over-exaggerate the impact of the COVID-19 pandemic and how it has affected the lives of every Ontarian.

The pandemic and the lockdown also greatly disrupted our labour market, in ways that will continue to be felt for years to come. Even were the virus to disappear tomorrow, we would still need to struggle with its economic after-effects, including the permanent loss of businesses, the backlog of personal, business and government debt, the reduced purchasing power of consumers, the dislocated workers, the students whose studies have been interrupted (especially co-op and internship placements), not to mention how our own attitudes and values have been influenced by this all-encompassing crisis.

This paper seeks to document what we know and what we can expect about the labour market, what has been the overall impact of the pandemic and its aftermath, as well as how it has variously impacted different industries and different population categories. Based on these assessments, some forecasts will be offered regarding what the post-pandemic period might look like, by specific industries as well as by special topics (for example, the likelihood of more individuals working more often from home).

For all of us, this pandemic has been a unique experience and one can similarly say that the consequences for the labour market are also without precedent. This report represents what we know and what are reasonable projections, based on current trends, at this present time. We hope that the data and the insights offered in this report can contribute to local planning aimed at economic and employment recovery.

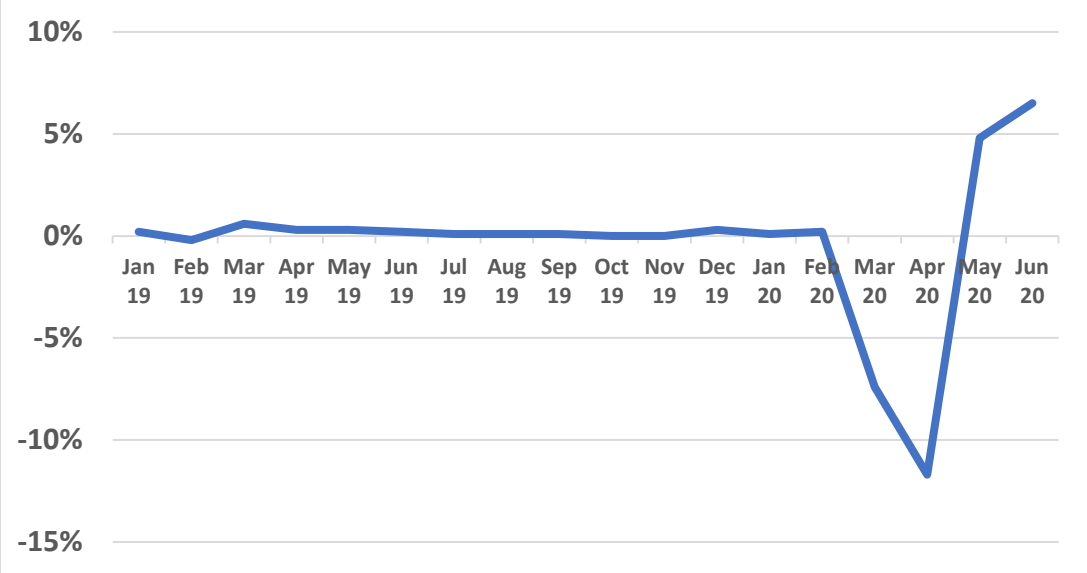
MEASURING THE IMPACT OF THE PANDEMIC

Gross Domestic Product

Gross Domestic Product (GDP) is the measure of all economic output, both goods and services, expressed in dollars. We track changes in the GDP to assess the health of an economy. In normal times, GDP grows steadily, reflecting an increasing population and expanding economic activity. By definition, a recession is when the GDP declines for two consecutive quarters (the calendar year is divided into four quarters). The last recession in Canada in 2008-2009 lasted three quarters and represented a GDP decline of 3.3%.

Chart 1 displays the monthly percentage change in GDP in Canada from January 2019 to June 2020. It is a stark illustration of how Canada's economy was affected by the pandemic. On a monthly basis, Canada was usually experiencing a monthly GDP growth of between 0.1% and 0.3%. The declines in GDP were 7.4% in March and 11.7% in April, rebounding to a growth of 4.8% in May and 6.5% in June.

Chart 1: Monthly change in Gross Domestic Product, January 2019 to June 2020, Canada



Statistics Canada, Table 36-10-0434-01

On a quarterly basis, the GDP fell 2.1% in the first quarter and 11.5% in the second quarter, the steepest decline since quarterly data was first recording in 1961.

Employment

Overall Numbers

Employment also dropped considerably. Table 1 shows the total employment figures for Ontario, from January to August 2020. It also shows the month-by-month change in employment and, using February as the baseline, compares the difference between each subsequent monthly figure and February.

Table 1: Changes in total employment in Ontario (in 000's), January to August 2020

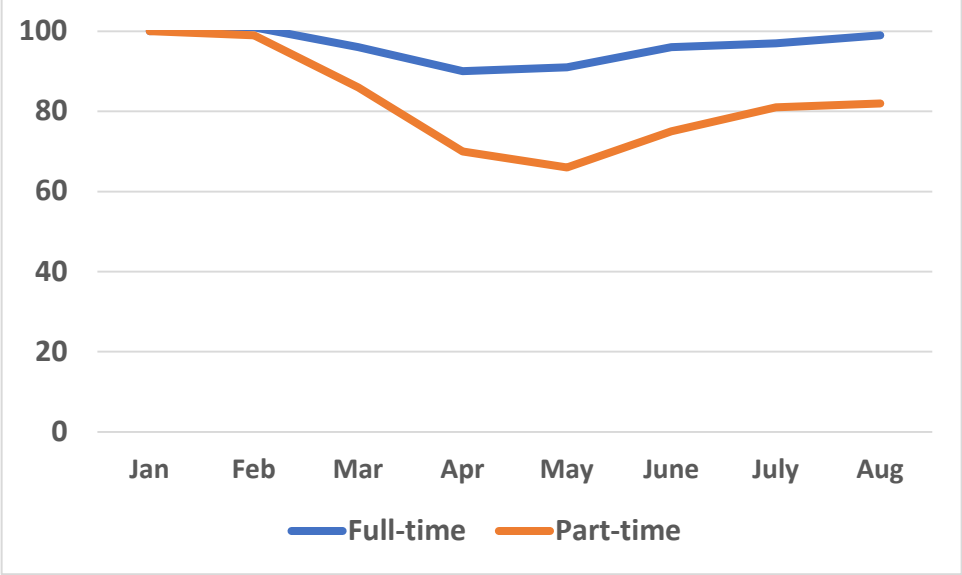
	Jan	Feb	Mar	Apr	May	June	July	Aug
TOTAL (number)	7,453.9	7,466.9	7,030.1	6,409.2	6,456.7	6,883.1	6,991.1	7136.4
% change from previous month		0.2%	-5.8%	-8.8%	0.7%	6.6%	1.6%	2.1%
% difference from February			-5.8%	-14.2%	-13.5%	-7.8%	-6.4%	-4.4%

Statistics Canada, Table 14-10-0022-01

April was the low point in employment, when one out of seven individuals who had a job in February were no longer employed. Despite the growth in employment in each of May, June and July, the August figures were still 4.4% lower than the employment number in February.

There was a considerable difference in how full-time and part-time employment was affected, with almost one third of part-time employment being lost at the height of the pandemic.

Chart 2: Trends in full- and part-time employment, January to August 2020, Ontario
January 2020 employment = 100



Statistics Canada, Table 14-10-0050-01

Four out of five workers in Ontario are employed full-time and more than half of the job losses in April and May were full-time jobs, even though proportionately many more part-time jobs were lost. The recovery to date has favoured full-time jobs: in August, the number of full-time jobs was 1.6% below the figure for January, whereas the number of part-time jobs was 16.4% below the figure for January.

Employment by Industry - As has been very apparent, industries have felt the impact of the pandemic in different ways. Table 2 demonstrates these differences, showing the percentage change in employment by industry in Ontario between February (our benchmark) and April (the low point for total employment).

The two industries experiencing the largest drop in employment were Accommodation and Food Services (a massive 46.8% drop, almost half) and Retail Trade (a 21.8% drop, roughly one in five workers). Excluding these two industries, the provincial average loss in employment between February and April was 10.8% rather than the 14.2% for all industries.

Table 2: Percentage change in employment by industry in Ontario, February to April 2020

ALL INDUSTRIES	**14.2%**		
Agriculture	-3.9%	Real estate and rental and leasing	-13.1%
Forestry, logging & support activities	26.9%	Professional, scientific & technical serv.	-3.6%
Mining, quarrying, and oil and gas	-15.3%	Business, building & support services	-7.1%
Utilities	-9.8%	Educational services	-11.7%
Construction	-17.1%	Health care and social assistance	-10.8%
Manufacturing	-17.6%	Information, culture and recreation	-20.0%
Wholesale trade	-13.8%	Accommodation and food services	-46.8%
Retail trade	-21.8%	Other services (not public administration)	-18.3%
Transportation and warehousing	-12.8%	Public administration	-2.9%
Finance and insurance	2.2%		

Business, building and support services is made up of two industries: Management of Companies; and Administrative and Support, Waste Management and Remediation Services
Statistics Canada, Table 14-10-0022-01

Most industries suffered double-digit percentage losses in employment, the few exceptions being Agriculture (-3.9%), Professional, Scientific and Technical Services (-3.6%) and Public Administration (-2.9%). Finance and Insurance was the only sector to show a gain in employment during this period (2.2%).

Unemployment

In the same way that the pandemic hit various industries differently, individuals experienced unemployment differently based on varying demographic characteristics. Two factors in particular played a major role in determining how employment was affected: firstly, the lockdown closed down many service sector establishments, which tend to employ more females and more youth; secondly, the ability to carry on working from home was more likely the case for those employed in jobs which required higher levels of education, occupations where one spends a lot of time in front of a computer.

Table 3: Ontario unemployment rate, by gender and age segments, February to August 2020

GENDER	AGE	Feb	Mar	Apr	May	June	July	Aug
ALL	ALL	5.5%	8.0%	11.3%	13.9%	12.3%	12.2%	11.8%
MALES	15-24	13.2%	16.5%	23.9%	31.0%	28.2%	30.7%	28.5%
	25+	4.8%	6.5%	9.6%	10.4%	7.8%	7.9%	7.8%
FEMALES	15-24	8.6%	16.4%	23.9%	35.3%	33.0%	27.2%	25.4%
	25+	4.5%	7.3%	9.6%	11.4%	10.6%	10.2%	10.2%

Statistics Canada, Table 14-10-0022-01

Unemployment by gender and age - Unemployment increased proportionately more among youth and, in most months, among females as well (Table 3). This combination of gender and age expressed itself in a severe unemployment rate of 40.6% in May 2020 among females aged 15 to 19 years old. Clearly, the loss of part-time jobs had a significant impact on youth and females.

Unemployment by education - Table 4 illustrates the varying impact of the pandemic on adults (aged 25 years and older) based on their level of educational attainment. While there is a clear pattern of higher levels of unemployment the lower the level of educational attainment, the figure for these adults are still considerably lower than the unemployment rates experienced by youth (Table 3).

Table 4: Ontario unemployment rate, by educational attainment, residents aged 25 years and older February to August 2020

LEVEL OF EDUCATION	Feb	Mar	Apr	May	June	July	Aug
ALL LEVELS	4.7%	6.8%	9.6%	10.9%	9.1%	9.0%	9.0%
No certificate	6.0%	9.3%	12.5%	16.6%	12.5%	11.3%	11.2%
High school	5.1%	7.8%	12.6%	14.5%	10.8%	10.9%	11.1%
College or trades	4.4%	6.6%	10.1%	10.9%	9.4%	8.1%	8.2%
University	4.5%	6.3%	7.4%	8.4%	7.6%	8.5%	8.2%

Statistics Canada, Table 14-10-0019-01

Unemployment by Geography - The first COVID-19 cases in Ontario were recorded in the Toronto area and in the early stages of the pandemic, the vast majority of cases were in larger urban areas. While the provincial lockdown affected all parts of the province, there are variations in the unemployment rate based on the size of population centres and urban and rural differences. Unemployment data for smaller geographic areas cannot be derived from the Statistics Canada Labour Force Survey because the sample size is too small on a monthly basis. For most larger geographic areas, one relies on averaging the results over a three-month period. However, Statistics Canada does aggregate the results by areas of similar

population size and density and these results are presented for Ontario in Table 5. The first column shows the distribution of all employment in January 2020 across these different geographies to get a sense of what kinds of communities Ontarians live in.

Looking first at the results for February (pre-COVID), one can see almost identical rates of unemployment across all areas, except that small centres in non-census metropolitan areas and census agglomerations have a notably higher rate, while rural areas in those same geographies have a lower rate. By May, when unemployment is at its highest, not only do large population centres have the highest unemployment rate (14.8%), they had also experienced the largest proportional increase in their unemployment rate.

The unemployment rate in the core of census metropolitan areas and census agglomerations has stayed high, at 12.6% in August, notably higher than any other geographic category in the province.

Table 5: Unemployment rate by population centres and rural areas, February to July 2020, Ontario

	Employment as % of total in Jan 2020	Unemployment rate by month						
		Feb	Mar	Apr	May	June	July	Aug
TOTAL	100.0%	5.5%	8.0%	11.3%	13.9%	12.3%	12.2%	11.8%
CMA and CA	91.9%	5.5%	8.1%	11.4%	14.3%	12.8%	12.7%	12.3%
Core	82.0%	5.5%	8.2%	11.4%	14.8%	13.2%	13.1%	12.6%
Fringe	2.6%	5.3%	5.8%	12.9%	8.2%	8.3%	10.2%	7.7%
Rural	7.2%	5.5%	7.6%	10.4%	11.0%	10.1%	8.7%	10.3%
Non-CMA or CA	8.1%	5.2%	7.1%	10.3%	9.2%	7.1%	7.4%	7.0%
Small centres	2.8%	7.3%	8.7%	14.7%	12.9%	9.7%	9.4%	10.4%
Rural	5.3%	4.0%	6.1%	7.7%	7.2%	5.8%	6.5%	5.4%

Census Metropolitan Areas (CMAs) and Census Agglomerations (CA) are large population centres (known as cores) together with adjacent fringe and rural areas that have a high degree of social and economic integration with the cores. A CMA has a population of at least 100,000 and a CA has a population of at least 10,000
The core is the population centre with the highest population that defines the CMA or CA
The fringe includes all population centres within a CMA or CA that have less than 10,000 persons
Rural areas are sparsely populated lands which include small towns, villages and other populated places with less than 1,000 population
Non-CMA or CA is everything else outside a CMA or CA
Small population centres have populations between 1,000 to 10,000
Statistics Canada, Table 14-10-0105-01

Consequences for Businesses

The job situation is evidently related to how businesses fared during the pandemic. This section provides some quantitative evidence of the impact.

Revenues - Half (52%) of Ontario businesses experienced a year-over-year drop in revenue between April 2019 and April 2020 of over 30%.

Table 6: Percentage of Ontario businesses experiencing a change in business revenue from April 2020 compared to April 2019

Increase	No change	Decreased less than 30%	Decreased 30% to less than 50%	Decreased more than 50%
6.8%	19.9%	19.9%	17.4%	34.2%

Statistics Canada, Canadian Survey on Business Conditions (May 2020), Table 33-10-0253-01

Three sectors had more than half of their businesses experience a decrease in revenues of over 50%: Accommodation and Food Services (62.3%); Arts, Entertainment and Recreation (59.9%) and Construction (50.9%).[1] Small firms were more likely to experience greater percentage losses than large firms.

On the other hand, the trend for expenses did not match that for revenues. Among Ontario firms, 18.7% saw a decrease in expenses of over 30%, 18.3% experienced a decrease under 30%, while 42.4% reported no change in their expenses (18.8% of businesses cited an increase in expenses).

The significant reported decreases in revenues are confirmed by surveys undertaken by the Canadian Federation of Independent Businesses. At the end of July 2020, 26% of respondents across Canada reported making half or less of their usual revenues for this time of year.[2]

Changes Made to Business Functions - Businesses scrambled to adapt to the new reality, relying on a range of different strategies.

Table 7: Percent of Ontario firms adopting specific strategies to adapt to COVID situation

Strategy	Percent adopting this strategy
Altered methods of production	12.8%
Altered products or services offered to customers	27.9%
Discontinued a product or service	15.3%
Added new ways to interact with or sell to customers	51.8%
Increased use of virtual connections externally or e-commerce	29.2%
Voluntarily closed temporarily	14.5%
Closed temporarily as mandated by government	24.9%
Closed permanently	0.5%

Statistics Canada, Canadian Survey on Business Conditions (May 2020), Table 33-10-0253-01

[1] These figures are for all industries in Canada, however, the distribution of results for Ontario closely match the national figures.

[2] Canadian Federation of Independent Businesses, *COVID-19 Survey Results*, August 5, 2020.

Reliance on adding new ways to interact with or sell to customers was most pronounced among businesses in Retail Trade (80.2% cited this option), Accommodation and Food Services (67.6%) and Finance and Insurance (67.4%).[3]

Staffing Actions Taken by Businesses - Two staffing actions were particularly common among Ontario businesses: 40.3% reduced staff hours or shifts and 27.1% laid off staff. The third most common response according to the survey was not taking any staffing action at all, according to one quarter (25.3%) of all businesses. Only two other actions were engaged in by more than one in ten businesses: cancelling or delaying planned hires (16.6%) and reducing salaries or wages (11.0%).

As can be expected, there were notable differences by industry (responses at the national level). Staff lay-offs were especially high among businesses in Accommodation and Food Services (59.8%) and Administrative and Support, Waste Management and Remediation Services (45.1%) (this latter industry is comprised of various services to businesses, such as cleaning and janitorial services, landscaping services and staffing agencies). On the other hand, two sectors also reported higher levels of increased staff hiring: Retail Trade (17.9%) (one can safely assume this was concentrated among grocery stores) and Accommodation and Food Services (8.8%). Two sectors also had higher rates of increased staff or shifts: Retail Trade as well as Health Care and Social Assistance, both at 8.7%. Finally, two sectors were most likely not to have taken any staffing actions: Agriculture, Forestry, Fishing and Hunting (47.9%) and Finance and Insurance (37.9%). As well, when examined by firm size, the smaller the firm, the more likely was it not to take any staff action.

Table 8: Percent of Ontario firms adopting staffing actions in response to COVID situation

Staffing action	Percent adopting this strategy
Reduced staff hours or shifts	40.3%
Increased staff hours or shifts	4.6%
Reduced salaries or wages	11.0%
Froze salaries or wages	6.4%
Increased salaries or wages	4.8%
Froze bonus payments	6.8%
Delayed payment of salaries or wages	5.3%
Hired more staff	4.5%
Laid off staff	27.1%
Cancelled or delayed planned hiring	16.6%
Cancelled hiring contractors or seasonal workers	8.9%
Implemented an Employment Insurance (EI) work-sharing program	2.0%
Introduced temporary cost-reduction measures	8.6%
Altered or changed contributions to pension or benefit plans	1.3%
No staffing action taken	25.3%

Statistics Canada, Canadian Survey on Business Conditions (May 2020), Table 33-10-0251-01

[3] As before, these figures are for all industries in Canada, however, the distribution of results for Ontario closely match the national figures.

Summing Up

These various statistics relating to the GDP, employment and the impact on businesses only quantify what has been witnessed in our everyday lives, the profound impact of the pandemic and the lockdown on our local economies and local labour markets.

FORECASTS FOR THE NEAR-TERM

The unprecedented nature of the pandemic requires that any forecasts regarding the economy and the labour market need be tentative. Nevertheless, there are a number of observations and predictions which can be proposed.

For one, as far as economic recovery goes, it is the virus that sets the terms. It is noteworthy to consider that regardless of what public health policies were followed by different countries, from full lockdown to partial or very limited lockdown, the economic consequences were pretty much the same. Individuals avoided crowded spaces, including stores or restaurants, because they feared becoming infected, regardless whether there was a lockdown order in place or not.[4] Thus, until individuals feel safe in their activities, whether it involves returning to the workplace or spending in person, then the economy recovery will be held back. Widespread adherence to public health guidance does provide some assurance to allow some portion of these activities to resume.

However, the economic downturn does have lingering consequences. It is not simply that businesses were closed or greatly limited in what they could produce. For some, the loss in revenue was so great and the prospect of recovery too remote for them to stay in business. Similarly, for workers whose jobs were lost or who suffered considerable reductions in earnings, there is the need to find a new job and/or debt that needs to be paid down. These dislocations reverberate through the economy and place a drag on the revival of consumer spending.

All of which means that, in addition to our public health responses (including the eventual roll-out of a vaccine), our responses to the economic fall-out is also important. This includes the emergency income support measures which have been introduced, as well as strategies to help businesses recover, from financial assistance for businesses to workforce development initiatives that help with recruitment and re-training of workers.

In light of these conditions for recovery, it is useful to highlight the current sentiments of residents, consumers and businesses and the emerging trends relating to economic indicators.

[4] Austan Goolsbee and Chad Syverson, "Fear, Lockdown, and Diversion: Comparing Drivers of Pandemic Economic Decline 2020," National Bureau of Economic Research Working Paper No. 27432, June 2020.

The Trajectory of the Recovery from the Recession

At the start of the pandemic, there was a view which held that since the economic downturn was the result of a non-economic reason (the pandemic), then once that cause was resolved, the economy should rebound relatively quickly to its previous state. This was described as a V-shaped recovery – a sharp decline and a sharp recovery. This view has largely faded and the predominant opinion now is that we will experience a slower recovery, partly because of the uncertainty of the pandemic but largely because of the nature of economic downturns. As has recently been stated by TD Economics:

- Recessions can cause shifts in long-term economic fundamentals. The current recession will likely be no different. There is a big risk that low business investment and changing labor force/immigration trends will limit future economic growth;
- Just based on the depth of the current recession, recovering back to the pre-recession level of GDP will take at least three-to-four times longer than the duration of the economic contraction itself.[5]

To illustrate this point: in the second quarter, business investment fell 16.2%, exports declined 18.4% and household spending shrank 13.1%.[6]

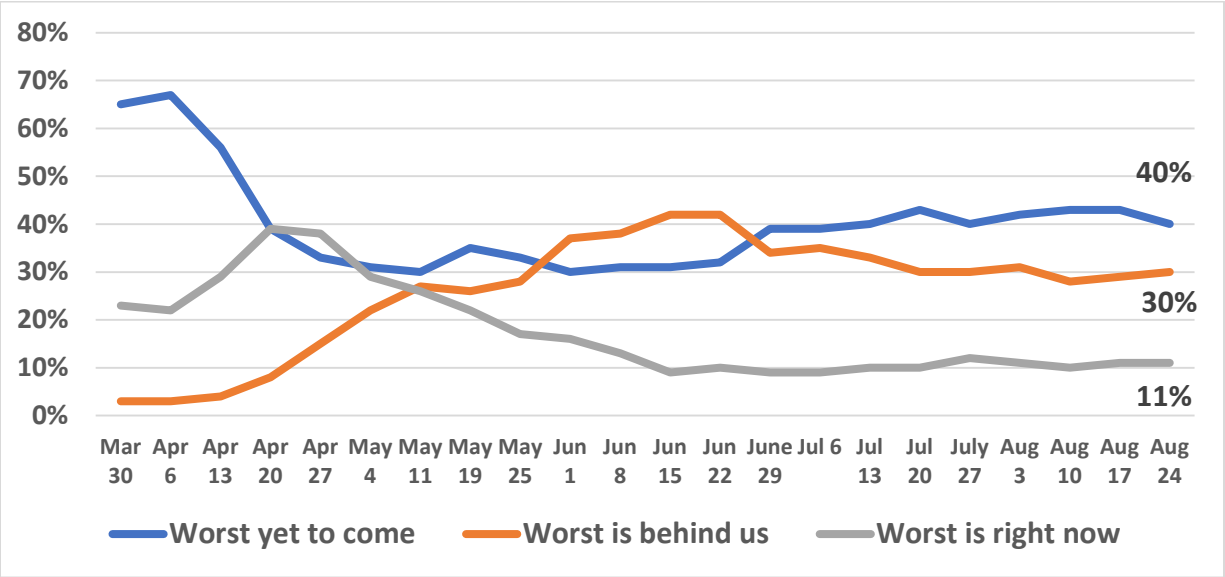
On the labour force front, with current restrictions on travel, immigration has dropped considerably. In the second quarter of 2020, Canada accepted 34,260 permanent residents, compared to 94,275 in the same period in 2019, a drop of 64%.[7]

[5] TD Economics, *Dollars and Sense: The Economy is like a Box of Chocolates, You Never Know What You're Going to Get*, August 5, 2020.
[6] Statistics Canada, *Gross domestic product, income and expenditure, second quarter, 2020*.
[7] Bloomberg News, "Immigration to Canada Drops 64%, Threatening Economic Growth," August 17, 2020.

Sentiments of Residents

Over the course of the pandemic, there has been a growing realization among residents that this current predicament will likely continue for a while, creating a climate of uncertainty which unsettles individuals and which makes the economic recovery hesitant. Perhaps the best illustration of this is the degree to which individuals think that the worst of the pandemic has passed or not.

Chart 3: Views on the evolution of the COVID-19 pandemic, Canadian residents



Leger's Weekly Survey, August 24th, 2020, weekly sample of approximately 1,500 Canadians

From the start of the pandemic, the proportion of Canadians who felt the worst of the pandemic had passed kept rising, but toward the end of June, the view that the worst was yet to come grew to become the predominant opinion. In Ontario, the proportion of residents who feel the worst is yet to come is just slightly below the Canadian figure (August 10th: 38%; August 17th: 39%; August 24th: 37%).

Table 9: Likelihood of second wave and of second lockdown, Ontario residents

August 10	August 17	August 24
Percent of respondents who believe there will be a second wave of the virus:		
75%	80%	74%
Percent of respondents who believe it is likely that we will go back to a pandemic lockdown, with business closures and stay-at-home orders (similar to March and April):		
64%	71%	63%

Leger's Weekly Survey, August 10th, 17th and 24th, 2020, weekly sample of approximately 1,500 Canadians

Significant majorities of Ontarians believe in the likelihood of both a second wave of the virus and of a repeat of the earlier lockdown (Table 9).

Sentiments of Consumers

The pandemic clearly affected how consumers spent (movie theatres closed, on-line entertainment soared, toilet paper vanished). As the economy began re-opening, surveys suggested changed spending habits. Uncertainty about the economy and about one's own job has resulted in lowered spending expectations, particularly among discretionary items such as eating at a restaurant or spending on entertainment, recreation or clothing. The one area where consumers indicate they expect to pay more is in relation to groceries, as more people are preparing meals at home.[8] As well, spending has increased in those categories which make the home a better place, for work, education or simply because it is where people are spending more time. Thus, sales of computers, monitors, video games, as well as dishwashers, even sewing machines, have increased.[9]

While spending grew once the lockdown was lifted, in most cases the increases were substantial in May and June but then appeared to start plateauing.[10] As individuals began venturing out again, fewer sales were made on-line, although e-commerce sales were still 71% higher than they were a year ago.[11] In 2019, on-line sales were 4% of the Canadian retail market; in May 2020, they represented 10%.[12]

Sentiments and Operations of Businesses

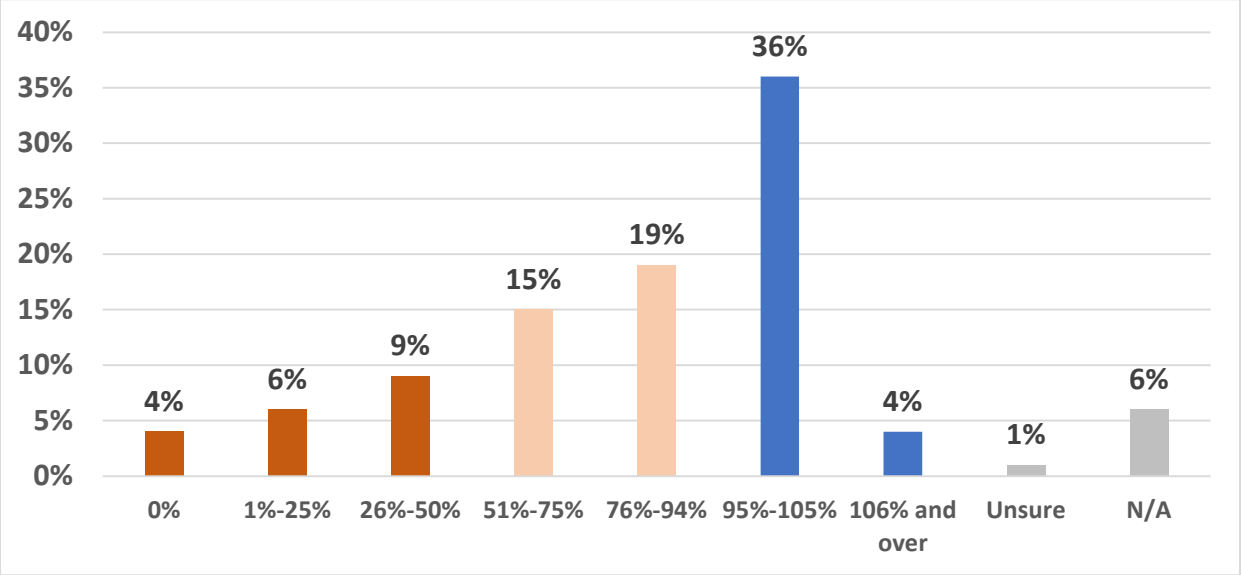
These sentiments of residents and consumers have repercussions for businesses. Half or more Canadian businesses express worries regarding the state of the economy and its impact of their business specifically. When asked for their concerns about COVID-19, large proportions of businesses cite the following:

- 70% worry about economic repercussions (on provincial, national and/or global economy);
- 62% worry that consumer spending will be reduced, even following the COVID-19 crisis;
- 50% worry about business cash flow (paying rent; meeting payroll; paying suppliers, mortgage or other bills, getting paid).[13]

These circumstances are reflected in the staffing levels and revenues reported by Canadian businesses. Chart 4 profiles the level of staffing by firms in relation to their usual staffing capacity for this time of year.

[8] Statistics Canada, "Expected changes in spending habits during the recovery period," July 22, 2020.
[9] Susan Krashinsky Robertson, "The post-lockdown consumer: How the global crisis has changed Canadians' spending patterns, *Globe and Mail*, August 7, 2020.
[10] RBC Economics, *COVID Consumer Spending Tracker*, August 26, 2020 (this study analyzes anonymized RBC card transactions).
[11] RBC Economics, *Daily Economic Update*, August 21, 2020.
[12] Susan Krashinsky Robertson, "The post-lockdown consumer: How the global crisis has changed Canadians' spending patterns, *Globe and Mail*, August 7, 2020.
[13] Canadian Federation of Independent Businesses, *COVID-19: State of Small Business*, survey results for July 31 to August 13, 2020, approximately 5,200 respondents.

Chart 4: How much of your usual staffing capacity for this time of year is your business currently using? (Canadian businesses)



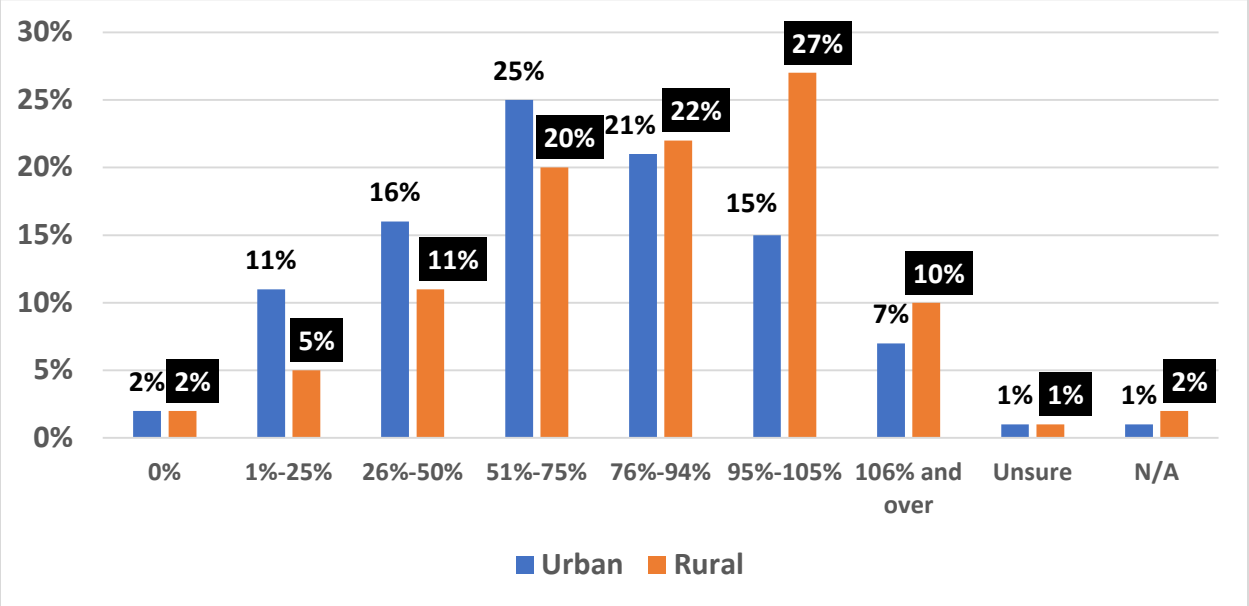
Canadian Federation of Independent Businesses, *COVID-19: State of Small Business*, survey results for August 14, 2020 and two weeks following, approximately 5,100 respondents

Approximately one in five businesses in mid-August report operated at 50% or less of their usual staffing capacity. Thus, even after the depth of the lockdown period, staffing up to earlier levels has been a challenge for some firms. (The results for Ontario firms are very similar.)

Revenues also continue to be affected. These are experienced differently by firms and is also indicates differences between urban and rural areas, highlighting that the pandemic had a greater economic impact on urban areas because cities had a higher concentration of COVID-19 cases.

When asked a similar question in mid-August about revenues as had been asked about staffing levels, 29% of urban businesses were making half or less their normal revenues, compared to 18% of rural businesses (Chart 5). At the other end of the spectrum, 22% of urban businesses were making normal or better than normal revenues, while 37% of rural businesses reported the same.

Chart 5: How much of your usual revenues for this time of year is your business currently making? (Canadian businesses)



Canadian Federation of Independent Businesses, *COVID-19: State of Small Business*, survey results for August 14, 2020 and two weeks following, approximately 5,100 respondents

Business Expectations Regarding Near-Term Staffing Levels - Businesses were asked regarding the number of workers they expected to employ over the next three months (the question was posed in June). Table 10 presents the responses for Canada and for Ontario, as well as by industry (all Canada responses).

Almost two-thirds of businesses in Ontario (64.6%) and Canada (65.8%) expect to see no changes in their staffing levels. Around one in six Ontario businesses expect to be hiring, while around one in twelve expect to see their staffing levels decline.

Some sectors exhibit a high level of optimism: among Manufacturing businesses, 23.9% expect their employee numbers to increase, while only 4.6% expect them to decrease. Similarly, among Finance and Insurance firms, 18.1% foresee an increase and only 2.2% expect a decrease. It should be pointed out that 31.0% of Manufacturers had laid off staff in response to the pandemic, so to some degree this represents returning to previous staffing levels. Yet among Finance and Insurance firms, only 9.3% had laid off staff, so this is a sector which generally weathered the pandemic period rather well and is expecting to grow further.

Several sectors express a net negative view of staffing expectations, where the proportion expecting staffing decreases is greater than the proportion expecting increases: Real Estate and Rental and Leasing; Professional, Scientific and Technical Services; and Information and Cultural Industries.

Meanwhile, some sectors have relatively high numbers expressing both optimism and pessimism: Administrative and Support, Waste Management and Remediation Services; Health Care and Social Assistance; Accommodation and Food Services; and Other Services.

Small businesses (1-4 employees) are more likely to feel they will have no changes, medium-size firms (5-99 employees) have higher expectations of more hiring, as do larger firms (100 or more employees), although there also is a segment among them which expect decreases.

Table 10: Percent distribution of business expectations of number of employees over the next three months

	Increase	Stay the same	Decrease	Unknown
Canada	15.1%	65.8%	8.6%	10.5%
Ontario	16.8%	64.6%	8.0%	10.6%
Agriculture, forestry, fishing and hunting	9.8%	79.1%	6.0%	5.2%
Mining, quarrying, and oil and gas extraction	11.0%	74.0%	7.1%	7.9%
Construction	19.5%	63.0%	6.8%	10.7%
Manufacturing	23.9%	59.9%	4.6%	11.6%
Wholesale trade	14.9%	73.2%	4.7%	7.2%
Retail trade	19.7%	66.8%	6.2%	7.3%
Transportation and warehousing	11.9%	67.4%	4.9%	15.9%
Information and cultural industries	10.1%	61.8%	11.6%	16.5%
Finance and insurance	18.1%	73.8%	2.2%	5.8%
Real estate and rental and leasing	5.1%	64.6%	12.6%	17.7%
Professional, scientific and technical services	5.4%	78.7%	8.8%	7.1%
Administrative and support, waste management	17.0%	59.8%	15.3%	7.9%
Health care and social assistance	17.3%	63.5%	11.3%	7.9%
Arts, entertainment and recreation	13.9%	60.7%	13.0%	12.5%
Accommodation and food services	24.4%	39.8%	13.9%	21.9%
Other services (except public administration)	12.2%	65.2%	11.0%	11.6%

Statistics Canada, Canadian Survey on Business Conditions (May 2020), Table 33-10-0266-01

Summing Up

The overall conclusion one can draw is that the on-going uncertainty regarding the trajectory of the pandemic is holding back a full-throttled recovery. As the pandemic lingers, certain industries face worrisome prospects and certain demographic categories will be more affected than others. The next few sections will highlight likely impacts, in terms of specific topics, industries and population groups.

IMPACTS: SPECIFIC TOPICS

Working from Home

To a degree that had not been previously imagined, the widespread closure of places of work did not mean that work itself was always shutdown. The migration from one's usual place of employment to working on a laptop in one's dining room and staying connected through Zoom meetings occurred relatively quickly and seamlessly. The earlier view held that employees felt they would be more happy working from home, while employers feared a loss of productivity. Interestingly, the opposite has occurred: it appears that work output remained roughly the same (in part because workers actually put in more hours), while what employees miss the most is the interpersonal camaraderie of gathering around the water cooler, eating lunch together or grabbing a drink after work.[14]

Regardless of how long the pandemic may persist, there are clear signs that the shift to more work being done remotely will continue. Numerous companies have indicated that they intend to maintain this pattern, not only throughout fall and winter, but beyond, from major tech companies (Facebook, Twitter, Shopify, OpenText) to all the major banks. Now that the remote work experience has succeeded, the financial benefits provide a considerable incentive: as a general rule, the cost of housing an employee in an office is around 20 percent of their salary, while commuting to and from work in some Toronto suburbs reaches almost $10,000 annually.[15]

Not everyone can benefit from remote work. For one, industries vary in the degree to which jobs can be performed from home. The potential is very high in Finance and Insurance (85% of jobs can be done remotely), Educational Services (85%) and Professional, Scientific and Technical Services (84%), and above 50% in Information and Cultural Industries, Public Administration and Wholesale Trade. On the other hand, the prospect for remote work is almost non-existent in Agriculture, Forestry, Fishing and Hunting (4%) or in Accommodation and Food Services (6%), and below 25% for Construction, Manufacturing and Retail Trade.[16] Many of the remote jobs involve higher paying, higher-skilled occupations, while many of the jobs which cannot be done remotely are medium to low-skilled jobs.[17]

Another impact is the labour market consequences of many office buildings having far fewer occupants. Not only does this have an impact on the commercial real estate industry, but also on all the various service sector jobs which exist to serve the concentration of office workers in downtown areas, such

[14] Eric Andrew-Gee, "Is the office era over? The surprising truth about working from home," *Globe and Mail*, May 29, 2020; Andrea Yu, "Remote working has increased hours but reduced productivity," *Globe and Mail*, June 9, 2020.
[15] Eric Andrew-Gee, "Is the office era over? The surprising truth about working from home," *Globe and Mail*, May 29, 2020.
[16] Zechuan Deng, Rene Morissette and Derek Messacar, "Running the economy remotely: Potential for working from home during and after COVID-19," Statistics Canada, May 28, 2020.
[17] "While less than 30% of primary earners with a high school diploma can work from home, roughly 66% of their counterparts with a bachelor's degree or higher education can do so." From Derek Messacar, Rene Morissette and Zechuan Deng, "Inequality in the feasibility of working from home during and after COVID-19," Statistics Canada, June 8, 2020.

jobs as are found in coffee shops, restaurants and bars. Once again, there is an uneven impact in terms of which occupations benefit and which may not.

Staff in Long-Term Care Facilities

One of the great tragedies of the pandemic in Canada has been the exceptionally high proportion of COVID-19 deaths which have taken place in long-term care facilities. In late May, it was established that 81% of all COVID-19 deaths in Canada to that point in time occurred in long-term care facilities, the highest such rate in the world (the average rate in other industrialized countries was 42%, with Spain registering the second highest figure, at 66%).[18] The figure for Ontario was 63%.[19]

The pandemic exposed what has been an on-going problem, under-funding resulting in staff shortages and staff turnover. The most recent report to review this problem recommended more funding to hire more workers and to improve working conditions, including making provisions for more full-time hours. At present, around 58% of employees in long-term care are personal support workers (PSWs), but around half leave after five years, mostly due to burn-out because of the staff shortages.[20]

One of the major concerns which have been raised has been the reliance on for-profit long-term care homes:

> In spite of the evidence that market strategies do not work well in health services, the Ontario competitive bidding process for establishing nursing homes with public funding has favoured large corporations and has resulted in a significant expansion in for-profit ownership. Private, for-profit services are necessarily more fragmented, more prone to closure and focused on making a profit. The research demonstrates that homes run on a for-profit basis tend to have lower staffing levels, more verified complaints, and more transfers to hospitals, as well as higher rates for both ulcers and morbidity. Moreover, managerial practices taken from the business sector are designed for just enough labour and for making a profit, rather than for providing good care. These include paying the lowest wages possible, and hiring part-time, casual and those defined as self-employed in order to avoid paying benefits or providing other protections.[21]

It remains to be seen to what extent additional funding and other improvements will be made to the labour force situation in the long-term care sector. However, the pandemic has highlighted the fatal consequences of not addressing these long-standing problems.

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[18] Canadian Institute for Health Information, *Pandemic Experience in the Long-Term Care Sector: How Does Canada Compare With Other Countries?* June 2020.
[19] Laura Stone, "Ontario's long-term care sector in staffing 'crisis,' needs immediate funding, report says," *Globe and Mail*, July 30, 2020.
[20] Ontario Ministry of Long-Term Care, *Long-Term Care Staffing Study*, Long-Term Care Staffing Study Advisory Group, July 30, 2020.
[21] Pat Armstrong, Hugh Armstrong, Jacqueline Choiniere, Ruth Lowndes and James Struthers, "Re-imagining Long-term Residential Care in the Covid-19 Crisis," Toronto, April 2020.

Essential Workers

Personal support workers were not the only employees who were called upon to provide their services under trying conditions. Not only were these occupations which could not be performed from home, they also were employed in industries that were deemed essential for the purposes of staying open during the lockdown period. In addition to many workers in the health care sector, it also included such occupations as drivers, cooks, grocery cashiers, shelf stockers, material handlers, construction workers, and warehouse and manufacturing labourers.

In recognition of the important role these workers play to maintain essential services, various employers provided additional "pandemic" pay. The Government of Ontario instituted hourly wage increases and a lump payment for frontline workers in health, social and other services. Major grocery stores also provided an extra hourly bonus for their front-line workers, but it was short-lived, lasting from mid-March to mid-June.

The question which arises is whether the recognition of the essential nature of this work will spur renewed efforts to raise the minimum wage for these employees, particularly in light of how those in lower-paid, lower skilled jobs were also the ones who suffered greater loss of employment during the pandemic. As has been observed:

> Essential workers must go out to keep the lights on and their fellow citizens fed. This has exposed an uncomfortable truth: the people we need the most are often the ones we value the least.[22]

The Digital Economy

Recessions often accelerate trends already present in the economy. In the case of the pandemic, one clear such acceleration has occurred with respect to the digitization of numerous aspects of our lives, from the surge in the use of on-line meeting platforms to far greater reliance to ordering and shopping on-line; from all education, primary school to university, being delivered via the Internet, to a further growth in on-line forms of entertainment. This development only adds to the necessity of acquiring and upgrading each individual's digital skills, for both work and for the effective navigation of everyday life. Moreover, this trend will continue to add to the demand for all forms of occupations connected to information technology and digitization, for software engineers, computer programmers, network technicians, IT support technicians, as well as emerging occupations such as digital marketing specialists, big data analysts, algorithm specialists and machine learning engineers.

[22] Sarah O'Connor, "It is time to make amends to the low-paid essential worker," *Financial Times*, April 1, 2020.

IMPACTS: SPECIFIC INDUSTRIES

The impact of the pandemic and post-lockdown period on specific industries in Ontario will be reviewed. The order of the industries presented is in their order in the North American Industry Classification System. Only those industries for which a relevant comment can be made are listed. Each of the charts compares the employment numbers for that industry in Ontario for the months January to August, for each of 2019 and 2020, in that way comparing the employment trends month by month for both years.

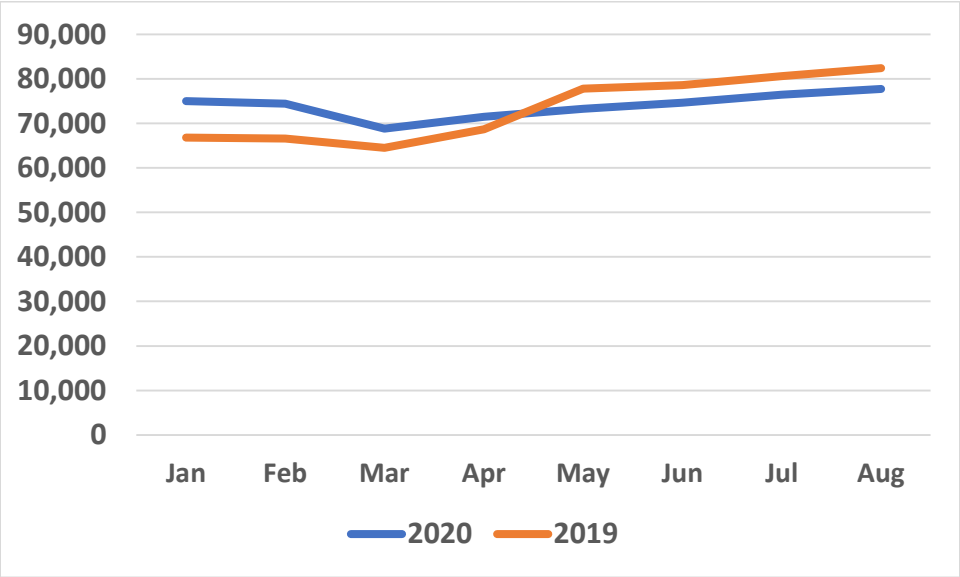
When the employment numbers across these months are disaggregated by industry, there are four broad patterns:

- Pandemic dip, then near recovery: These industries experienced a significant drop in employment (from 8% to 23%) in either April, May or June, but in August their employment numbers were only 2% to 5% below the figures for August 2019 (the percentage refers to the difference between employment in August 2020 compared to August 2019):
    - Manufacturing (-4%)
    - Wholesale Trade (-2%)
    - Retail Trade (-4%)
    - Professional, Scientific and Technical Services (-3%)
    - Educational Services (-2%)
    - Health Care and Social Assistance (-3%)
    - Other Services (-5%)
- Pandemic drop and continuing loss: These industries had an average to large pandemic drop and have continued to experience significant employment shortfalls:
    - Mining, Quarrying and Oil and Gas Extraction (this industry's numbers had recovered, but in August a large gap of 27% emerged between the employment numbers for August 2020 and August 2019)
    - Transportation and Warehousing (-14%)
    - Real Estate and Rental and Leasing (-18%)
    - Accommodation and Food Services (-27%)
- Pandemic dip and weaker recovery: These industries fall in between a near recovery and larger continuing losses:
    - Agriculture (-6%)
    - Construction (-8%)
    - Business, Building and Other Support Services (this combines Administrative and Support Services with Management of Companies) (-6%)
    - Information, Culture and Recreation (this combines Information and Cultural Industries with Arts, Entertainment and Recreation) (-8%)
- Not affected: These industries had continuing higher levels of employment in each month of 2020 compared to the corresponding month of 2019:
    - Forestry and Logging and Support Activities for Forestry (114% higher, August 2020 over August 2019)
    - Finance and Insurance (7% higher)
    - Public Administration (1% higher)

Agriculture

Employment in Agriculture was strong in January and February compared to the previous year and then dropped somewhat. Moreover, April is when employment in Agriculture is increasing, as can be seen from the figures for 2019. Thus, while Agriculture employment in 2020 had a steady rise after the March dip, it consistently stayed below the corresponding monthly numbers for 2019.

Chart 6: Monthly employment, Ontario Agriculture industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

This employment gap appears to be largely the result of interruptions in the supply of temporary migrant farm workers (primarily from Mexico, Guatemala and the Caribbean) due to travel restrictions, health concerns and the need to quarantine on arrival to Canada. These workers account for over 40% of agriculture employees in Ontario and it is estimated that slightly less than 80% of these 20,000 migrant workers were able to come to Ontario this season.[23] (20% of 20,000 would be 4,000 migrant workers who did not come to Ontario; the gap in numbers between 2020 and 2019 from May through August ranges from 4,000 to 4,700.) This pandemic shortage of workers is on top of chronic labour shortages experienced in this industry, with increasing retirements among an aging workforce, fewer youth people and fewer immigrants choosing careers in this sector, and a declining population in rural areas resulting in a smaller labour pool from which to draw workers.[24]

[23] Shawn Jeffords, "Labour shortages on some Ontario farms threaten crop harvest groups say," *Toronto Star*, June 3, 2020.

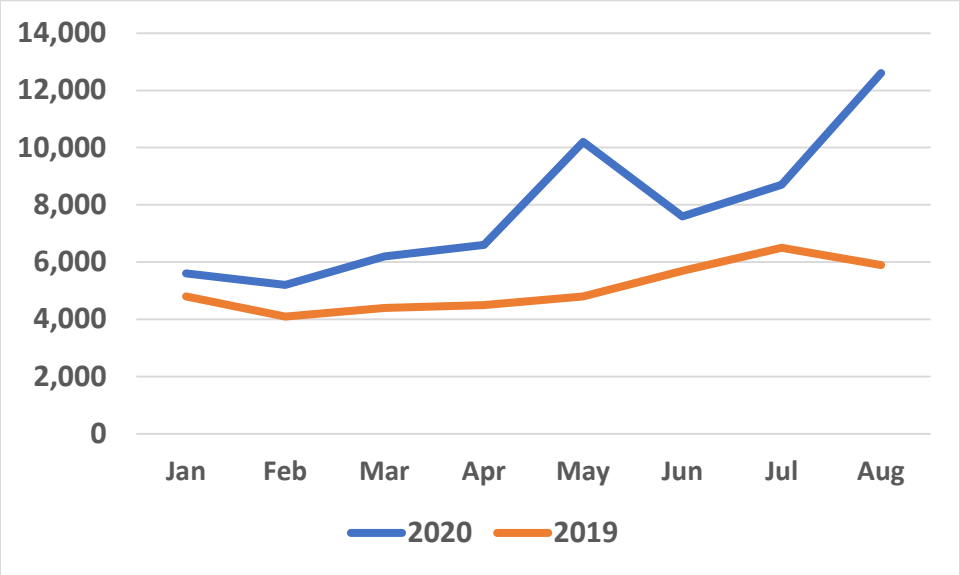
[24] Canadian Agricultural Human Resource Council, *How Labour Challenges Will Shape the Future of Agriculture: Agriculture Forecast to 2029*, 2019.

Forestry and Logging and Support Activities for Forestry

The forestry sector accounts for a small proportion of the entire Ontario labour force, around 0.1% to 0.2%, although in some Northern Ontario districts, its share of employment is 1% and higher. Forestry also feeds two significant manufacturing sectors in Ontario: pulp and paper product manufacturing and wood product manufacturing. The forest industry was identified as an essential sector during the pandemic.

The forestry sector represented one of the few employment bright spots in the Labour Force Survey statistics during the bleak pandemic months, showing a steady, increasing trend-line, as well as surpassing employment in each corresponding month of the previous year, with a sharp increase in August 2020 (Chart 7). It is possible that the increase in activity may have been caused by an increase in demand for packaging and shipping products, caused by the significant change in consumer purchasing patterns during the pandemic.

Chart 7: Monthly employment, Ontario Forestry and logging and support activities for forestry industry, January to August, 2019 and 2020

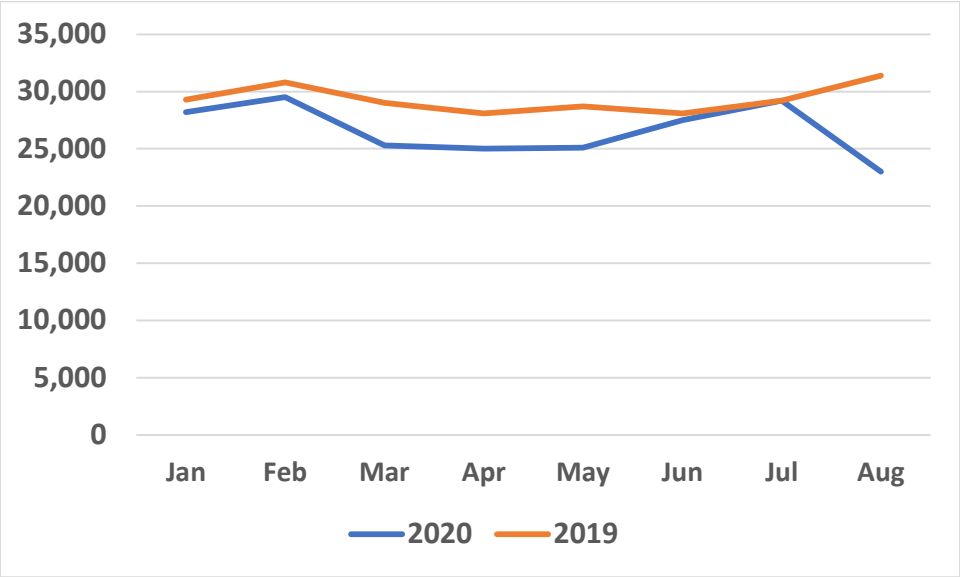


Statistics Canada, Table 14-10-0022-01

Mining, Quarrying, and Oil and Gas Extraction

The Mining, quarrying and oil and gas extraction sector experienced a pandemic employment dip during the months of March, April and May (Chart 8), but otherwise employment had been close to the same numbers in the preceding (January and February) and in post-lockdown months (June and July). The comparison for August, however, produced the largest divergence between the two years, with the August 2020 employment numbers showing a difference of 8,400 jobs, representing a drop of 27% from August 2019.

Chart 8: Monthly employment, Ontario Mining, quarrying, and oil and gas extraction industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

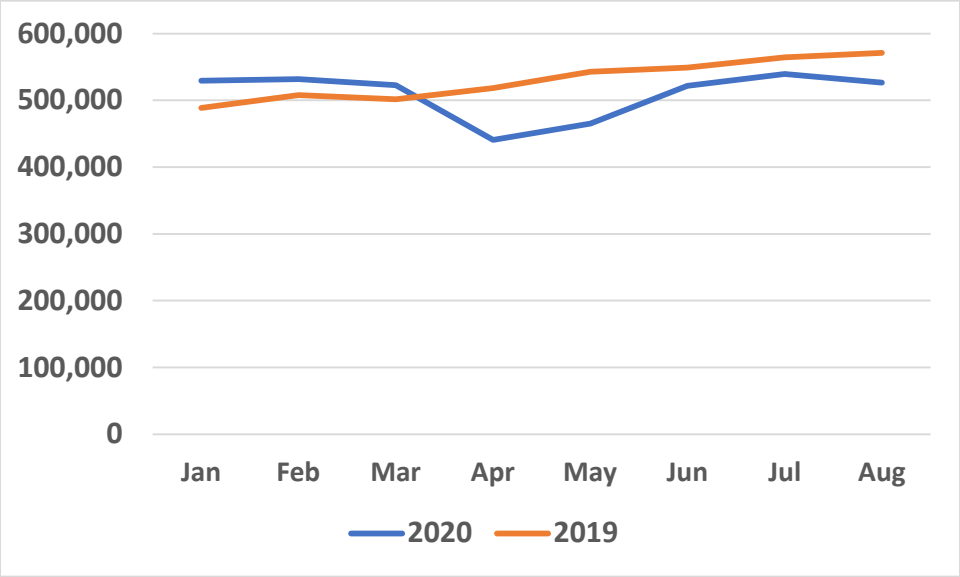
The mining industry is greatly affected by the demand for its metals and each metal is used for a mix of different purposes, from construction (e.g. iron ore and copper) to manufacturing (e.g. nickel) to consumer goods and investment (gold and silver), and the broader global economy determines the prices of these commodities. At the same time, mining activity was affected by the need to introduce safety measures against the spread of the virus. These circumstances created different conditions for different mining operations.

Construction

Construction had managed to maintain its employment levels through the month of March, but in April the sector loss 82,000 jobs. Since then it has slowly been recovering, although August produced its first decline in employment since April, representing 8% fewer jobs than in August 2019 (Chart 9).

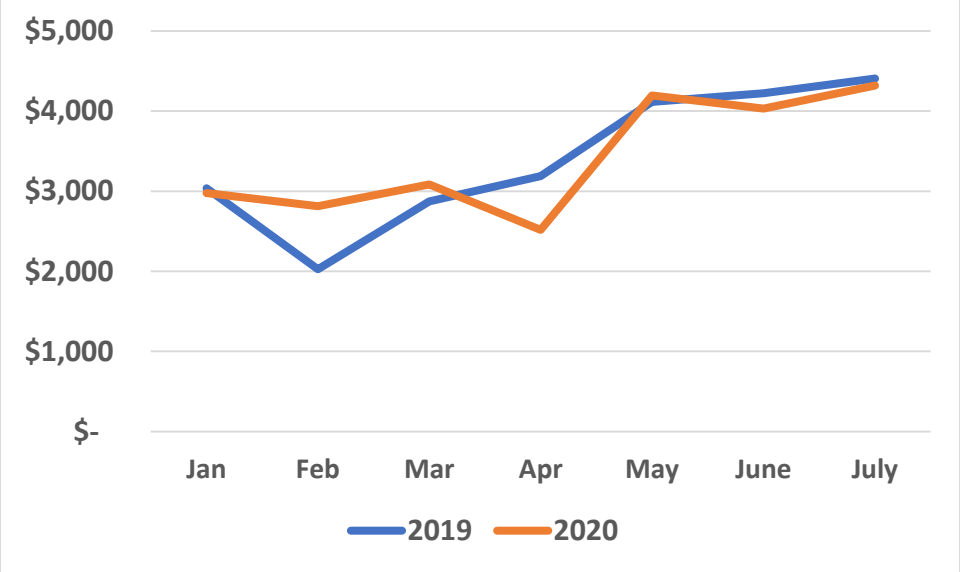
Looking forward, the value of building permits which have been issued during the first seven months of 2020 is comparable to the dollar value of permits issued during the same months in 2019 in Ontario, with a dip in February 2019 more or less matching the dip in April 2020. Indeed, the value of permits issued from January to the end of July are just slightly larger for 2020 compared to 2019. To the extent that building permits indicate future construction activity, these figures bode well. (Chart 10 illustrates the value of all permits issued for each month, for residential as well as non-residential activity, for new construction and for improvements to existing structures.)

Chart 9: Monthly employment, Ontario Construction industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Chart 10: Monthly value of all building permits issued, January to July, 2019 and 2020, Ontario (in millions of dollars)

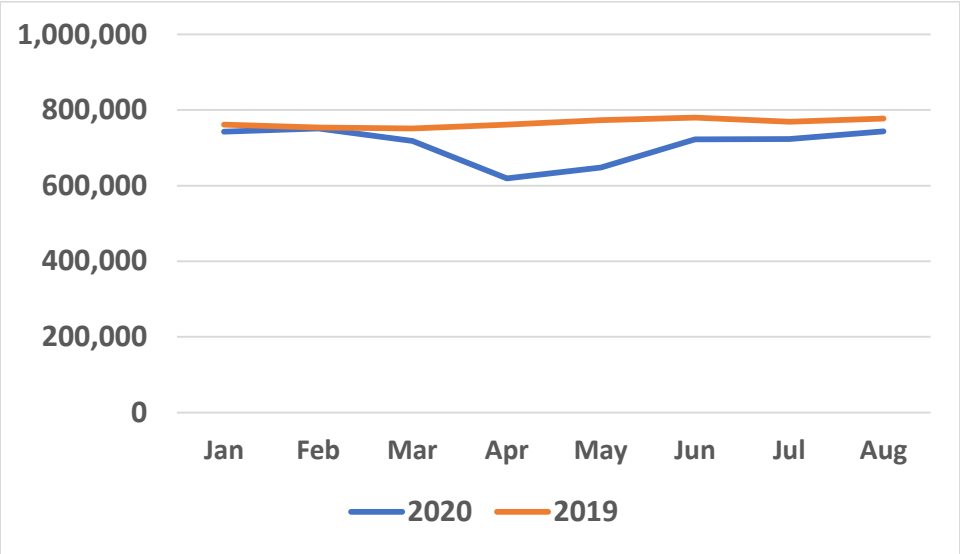


Statistics Canada, Table 34-10-0066-01

Manufacturing

Like many other industries, Manufacturing experienced a considerable drop in employment during the lockdown period, a decline of 19% in April, which amounted to 142,000 fewer jobs than April 2019. It has since rebounded, so that the year-to-year difference in August was only 4%; however, given the size of this industry, this still amounted to 33,500 jobs, a considerable figure.

Chart 11: Monthly employment, Ontario Manufacturing industry, January to August, 2019 and 2020



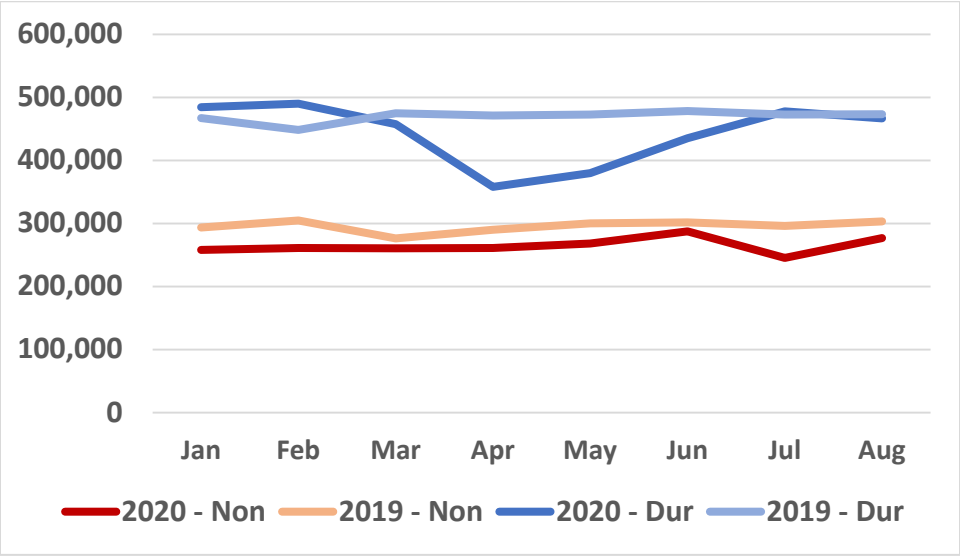
Statistics Canada, Table 14-10-0022-01

The impact was felt differently by the various subsectors of manufacturing; manufacturers of durable goods bore the brunt of the employment losses during the lockdown period, whereas manufacturers of non-durable goods, such as food manufacturing or of personal use consumer products, more or less maintained the same employment levels as the year previous.

Table 11: Description of durable and non-durable manufacturing

Durable manufacturing	Durable goods are products which last for a longer period of time, such as wood, primary metals, fabricated metals, machinery including transportation machinery, computers, electronic products and furniture.
Non-durable manufacturing	Non-durable goods get consuming relatively quickly, such as food, beverages, clothing, paper, plastics and chemicals.

Chart 12: Monthly employment, Ontario Durable and Non-durable Manufacturing industry, January to August, 2019 and 2020



Non = Non-durable manufacturing; Dur = durable manufacturing
Statistics Canada, Table 14-10-0022-01

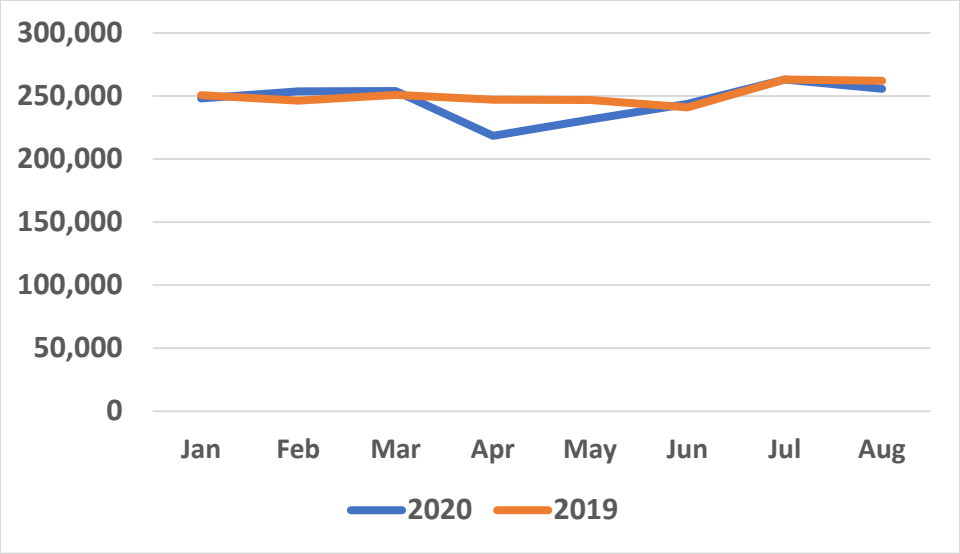
Manufacturers had to contend with implementing social distancing rules in their workplace as well as the distribution to their supply and distribution chains, as the pandemic struck different parts of the globe at different times and with varying degrees of intensity.[25]

Wholesale Trade

Apart from the employment declines in April and May, the employment figures for Wholesale Trade in 2020 held very closely to the levels of employment recorded in the same corresponding months of 2019. Given that Wholesale Trade is often the intermediate step between manufacturers and retailers, it is a little surprising that the decline in Wholesale Trade was not as pronounced as that experienced by the Manufacturing and Retail Trade sectors and that it recovered to a level closer to that experienced in August 2019 than either of these two industries.

Chart 13: Monthly employment, Ontario Wholesale Trade industry, January to August, 2019 and 2020

[25] Labour Market Information Council in partnership with Excellence in Manufacturing Consortium, "Sectors at Risk: The Impact of COVID-19 on Canadian Manufacturing," *LMI Insight Report No. 34*, 2020.

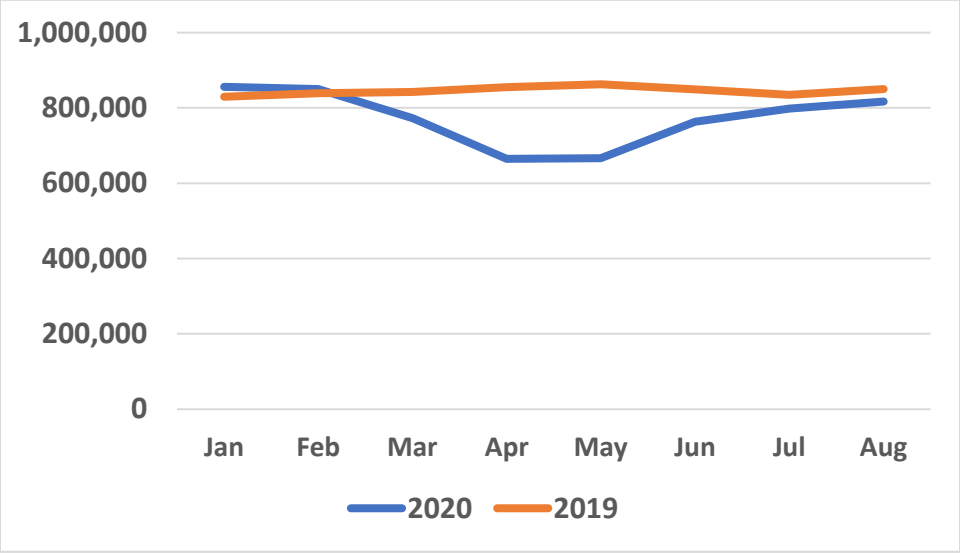


Statistics Canada, Table 14-10-0022-01

Retail Trade

Retail Trade was among the industries whose employment level was most affected by the lockdown. Compared to January 2020, employment was down 22% in April and 23% in May (Chart 14 shows the trend by month). However, as we as consumers experienced, not all stores were equally affected.

Chart 14: Monthly employment, Ontario Retail Trade industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Monthly employment figures for Ontario in the publicly-released Labour Force Survey are available at the broad industry-wide level, that is, for all Retail Trade. To obtain a sense of how different sub-sectors were affected by the lockdown, we will use two methods:

1) The employment estimates by subsector from the Survey of Employment, Payrolls and Hours, a combination of employer survey data and administrative payroll data collected by Statistics Canada, which tracks payroll employment (it undercounts all employment because it does not include self-employed or contract workers; nevertheless, this should provide a sense of how specific subsectors fared);
2) The retail trades monthly sales estimates for Ontario by subsector, which provides a picture of the level of business activity.

Table 12 provides the calculation for the percentage change in payroll employment by Retail Trade sector between January and June, 2020, as well as the percentage change in Retail Trade sales, for between January and April (to compare to the change in employment), and for January and June (to indicate to what extent sales recovered in comparison to the pre-lockdown period.

By April, compared to January, retail sales had dropped by a third (32%) and payroll employment had fallen by a quarter. The subsectors which suffered the greatest sales losses and largest declines in employment were:

- Clothing and clothing accessories stores
- Motor vehicle and parts dealers
- Sporting goods, hobby, book and music stores
- Furniture and home furnishings stores

By June, most subsector categories had returned to or had surpassed their sales volumes in January, except for clothing and clothing accessories stores as well as gasoline stations, both of which were taking in 21% less in sales compared to January. This is a worrisome sign for these operations.

Table 12: Percentage change in payroll employment (January to April) and in sales (January to April; January to June), Ontario Retail Trade Industry, 2020

	PERCENT CHANGE		
	Employment January to April	Retail trade sales January to April	Retail trade sales January to June
ALL RETAIL TRADE	**-24%**	**-32%**	**2%**
Motor vehicle and parts dealers	-37%	-64%	-1%
Furniture and home furnishings stores	-40%	-62%	3%
Electronics and appliance stores	-22%	-12%	5%
Building material and garden equipment and supplies dealers	-20%	-15%	7%
Food and beverage stores	-8%	11%	10%
Health and personal care stores	-18%	-12%	3%
Gasoline stations	-10%	-48%	-21%
Clothing and clothing accessories stores	-52%	-84%	-21%
Sporting goods, hobby, book and music stores	-39%	-63%	25%
General merchandise stores	-11%	-11%	17%
Miscellaneous store retailers	-38%	-30%	4%

Statistics Canada, Table 14-10-0201-01 and Table 20-10-0008-01

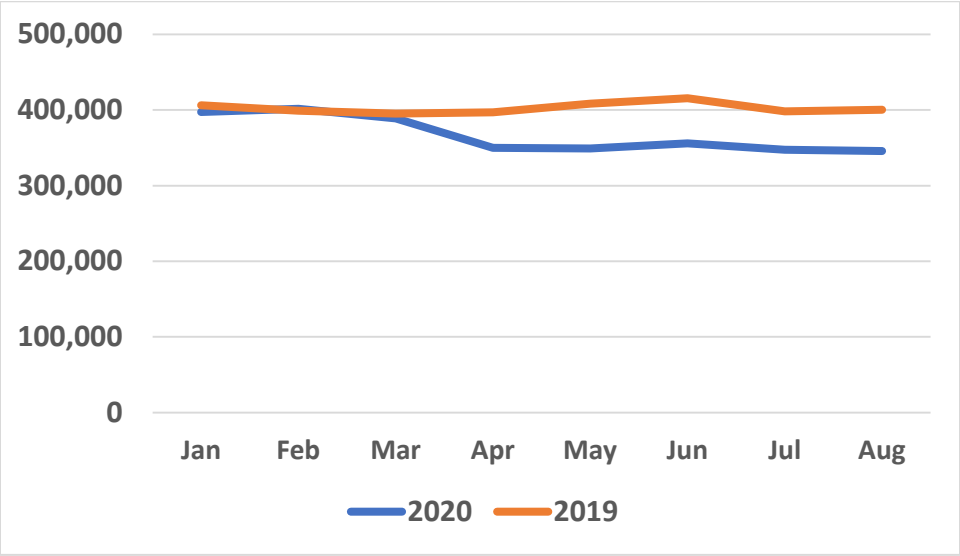
A considerable number of retail chains have announced they are closing for good: The Children's Place; Carlton Cards; Things Engraved; Pier 1; Mendocino; Ann Taylor; and David's Tea.[26]

Transportation and Warehousing

Employment numbers for Transportation and Warehousing in April 2020 were 12% below where they were in April 2019, and a year-over-year gap of 13% to 15% has persisted into August. However, there are different dynamics at play in an industry which has two distinct subsectors.

[26] Solarina Ho and Ryan Flanagan, "These retailers are closing Canadian locations in 2020," *CTV News*, August 13, 2020.

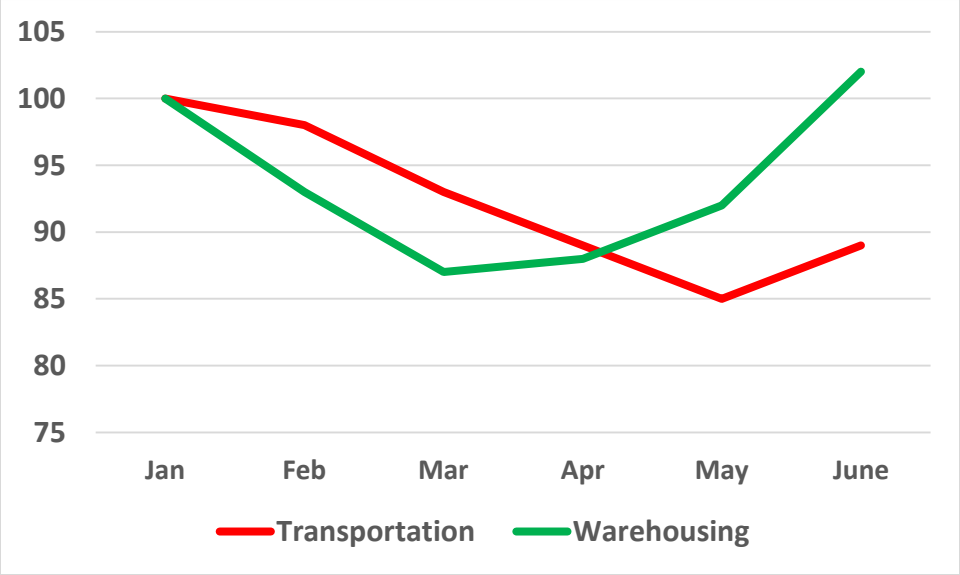
Chart 15: Monthly employment, Ontario Transportation and Warehousing industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Chart 16 compares the Survey of Employment, Payrolls and Hours monthly figures for each of Transportation and Warehousing. Using January's employment number as the benchmark for each subsector, Chart 16 tracks employment for each subsequent month.

Chart 16: Ratio of monthly employment for Ontario's Transportation and Warehousing subsectors, January to August, 2020 (January = 100)



Statistics Canada, Table 14-10-0201-01

Employment in the Warehousing subsector dropped in March and April, but returned strongly in subsequent months, reaching beyond the January level by June. Transportation, however, experienced a consistent decline. This is to be expected, with significant restrictions on both international and domestic travel, as well as greatly reduced reliance on transit, when urban areas were shut down.

Trucking HR Canada estimates that the number of employed truck drivers will have declined by 11% in the first two quarters of 2020 in Canada. The recent shortage of drivers will moderate slightly because of the impact of the pandemic, but it is believed that these shortages will return by early 2022.[27]

The travel industry faces a different challenge, as customers will be making their own determinations regarding the risk of boarding a bus or airplane with a large number of strangers. A recent analysis of the prospects for the business travel industry provides an illustration of the difficult road ahead for this sector.[28]

Business-related travel makes up around a fifth of the global travel and hospitality sectors, and is a particularly important source of revenue for airlines and hotels. McKinsey predicts that business travel will return, but in stages:

- Companies will likely first permit regional and domestic trips, but will seek to replace short regional flights with personal or rental vehicles; international travel will take longer to return, so long as the virus remains active and travel restrictions and quarantine requirements remain in place;
- The next pressing priority will be in-person sales and client meetings, which would be part of the effort to resume and expand business after re-opening;
- Travel for the purpose of meetings internal to the company will take longer to resume and may more likely be replaced by on-line meeting platforms, as these have proven their worth during the lockdown period;
- Last to return will be conferences and trade shows, simply because the prospect of large gatherings presents the risk of a super-spreader event; this means that facilities and locations which rely on conference gatherings will be particularly hard hit.

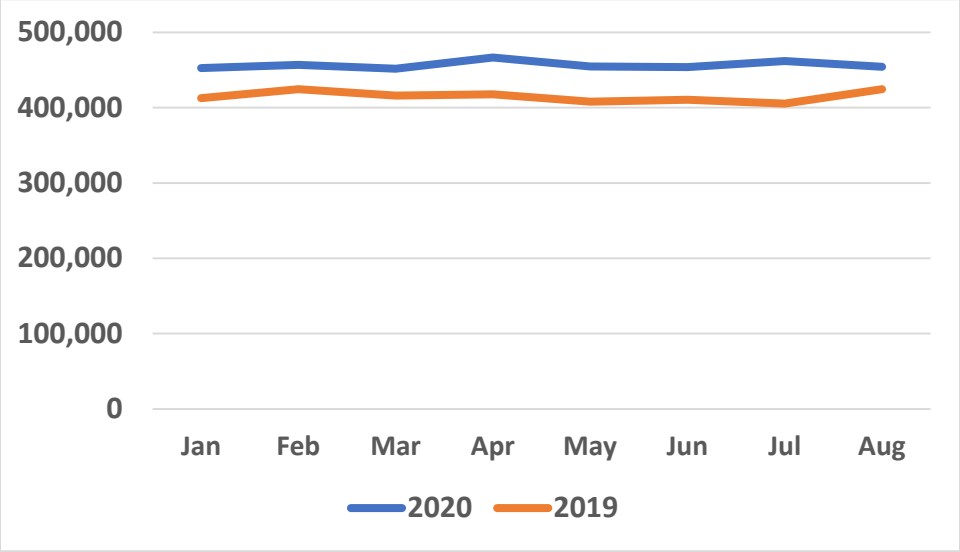
Finance and Insurance

Ontario employment in this sector has consistently been around 10% higher each month compared to the corresponding month in the previous year, representing an average of 40,000 jobs in any given month Chart 17). In April, when most other industries were experiencing the trough of their pandemic downturn, the Finance and Insurance sector increased its employment. As noted earlier, it has been estimated that approximately 85% of the jobs in this industry can be performed from home, which certainly would have contributed to the absence of any job losses in this sector.

[27] Angela Splinter, "Post COVID, Trucking Still Needs to Consider the Driver Shortage," Trucking HR Canada, August 4, 2020.

[28] The points in the following paragraph are drawn from Andrew Curley at al., *For corporate travel, a long recovery ahead*, McKinsey & Company, August 2020.

Chart 17: Monthly employment, Ontario Finance and Insurance industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Real Estate and Rental and Leasing

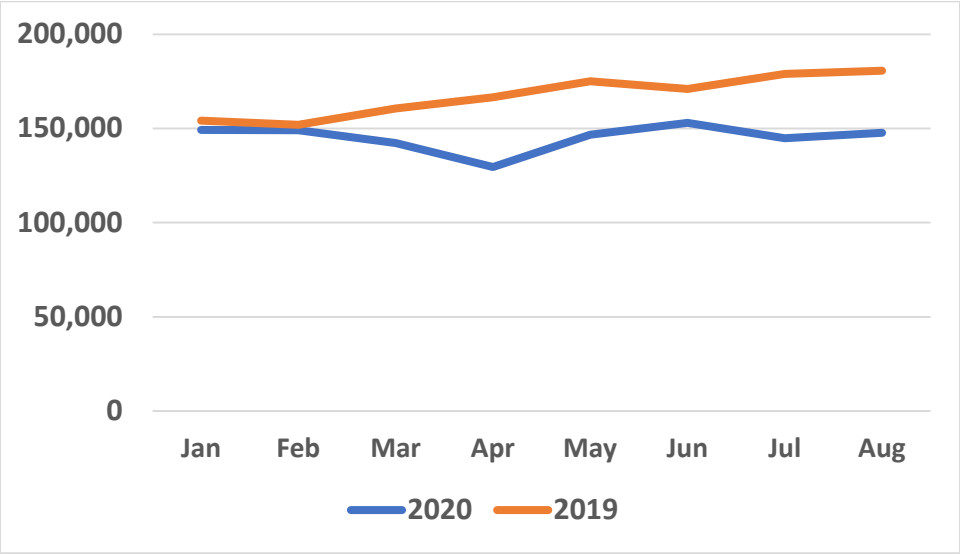
This industry is comprised of several distinct subsectors:

- Lessors of real estate (can be residential or commercial properties) (according to the 2016 Census, this subsector made up 20% of this industry's employment);
- Offices of real estate agents and brokers (46% of employment);
- Activities related to real estate (such as property managers and real estate appraisers) (21% of employment)
- Rental and leasing services (includes car rentals, general rental centres and commercial and industrial machinery and equipment rental) (12%).

In April 2020, this industry was 22% below the level of employment in April 2019 and, apart from a slight uptick in June, the gap in each month of 2020 and the corresponding month in 2019 stayed between 16% and 19%, for the months of May through August (Chart 18).

The Survey of Employment, Payrolls and Hours suggests that the hardest hit subsector was rental and leasing services (down 30% in August) and the least affected was activities related to real estate (though still down 11% in August). Both lessors of real estate and offices of real state agents and brokers were till down around 20% in August.

Chart 18: Monthly employment, Ontario Real Estate and Rental and Leasing industry, January to August, 2019 and 2020

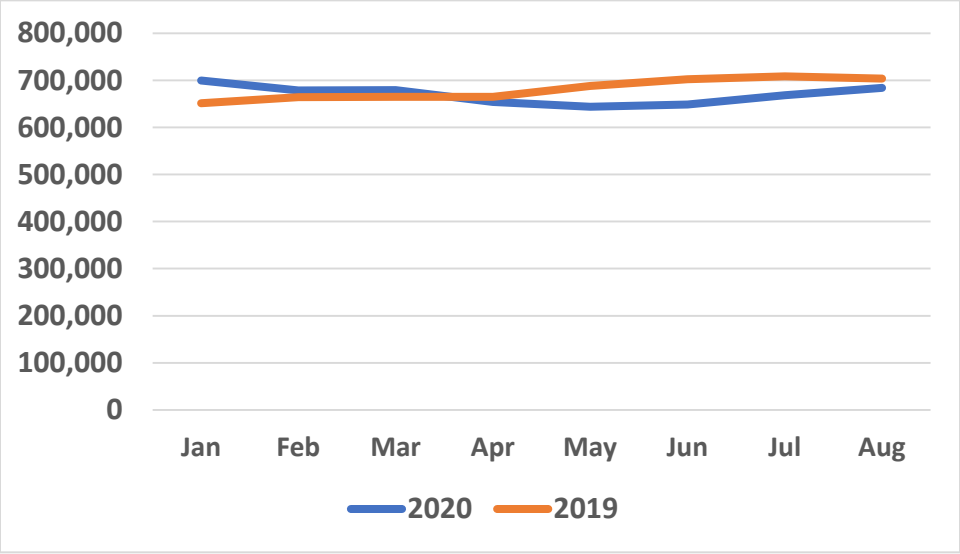


Statistics Canada, Table 14-10-0022-01

Professional, Scientific and Technical Services

Professional, Scientific and Technical Services is another industry where a very high 84% of employees could conceivably work from home. This industry's employment shortfall compared to each month of the previous year was generally low, reaching a high of minus 8% in June and narrowing the difference to minus 3% by August (Chart 19).

Chart 19: Monthly employment, Ontario Professional, Scientific and Technical Services industry, January to August, 2019 and 2020

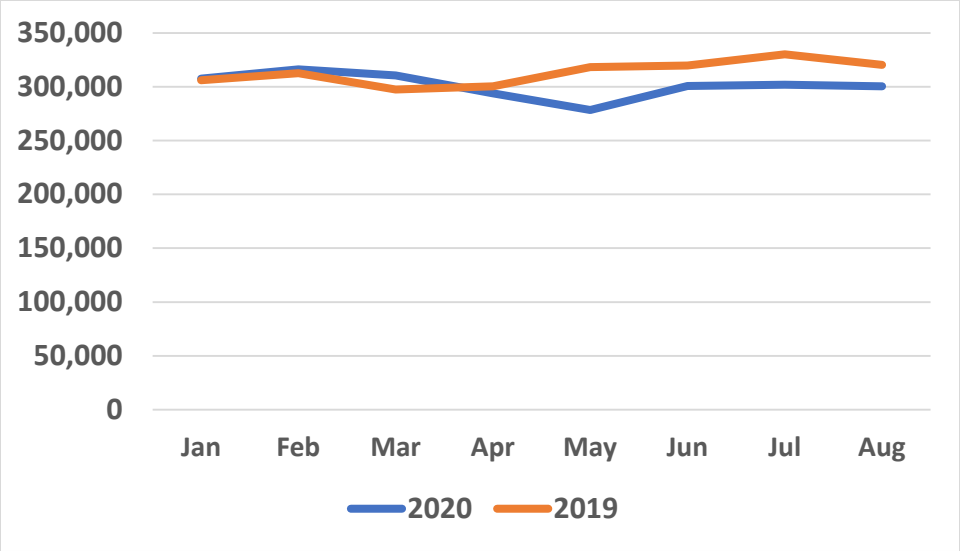


Statistics Canada, Table 14-10-0022-01

Business, Building and Other Support Services

This sector is made up of a range of services which provide ancillary support to businesses, such as janitorial, cleaning and maintenance services, security services, back-office administrative support, call centres, packaging and labelling, as well as staffing support (recruitment agencies and staffing agencies). In addition, this sector also encompasses waste management and remediation services.

Chart 20: Monthly employment, Ontario Business, Building and Other Support Services industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

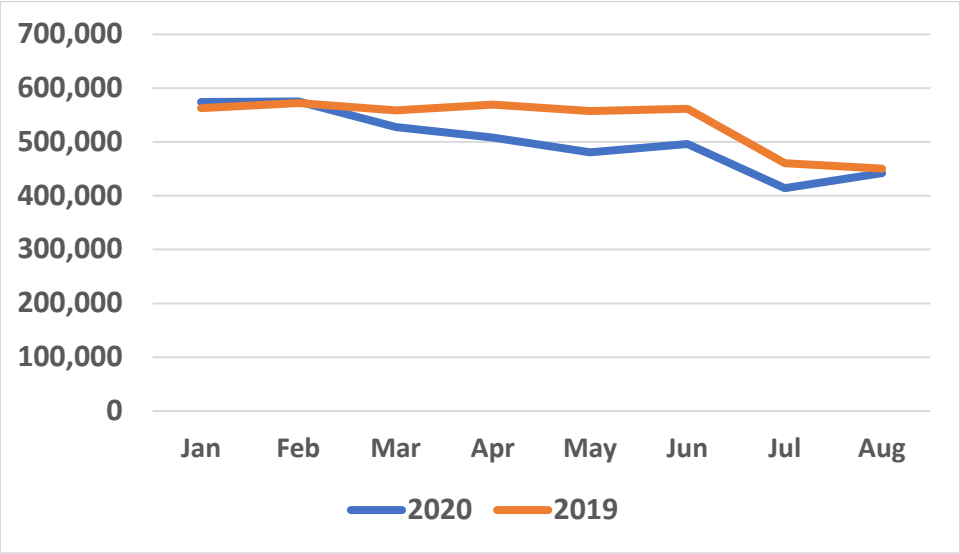
As with other sectors, this industry had a dip in employment, bottoming in May, but the recovery has not been complete, as the shortfall in the employment level between August 2020 and August 2019 is still 6% (Chart 20). It may be that some of this employment would only return once offices are fully staffed (for example, there is less need for cleaning services).

Educational Services

Educational Services experienced large declines in employment in April and May. On the basis of the Survey of Employment, Payrolls and Hours (SEPH), one can estimate that almost half of the job losses in April and May occurred among elementary and secondary schools, and the net largest category for employment losses was in "other schools and instruction," which includes such activities as language schools, fine arts classes, athletic instruction, driving instruction and private tutors. In May and June job losses were added from community colleges, but throughout April to June it does not appear as if universities were much affected. (SEPH only measures payroll employment; in Educational Services, approximately one-quarter of the workforce is temporary, and so attrition among non-permanent contract workers would not be captured by SEPH.)

By August, according to Chart 21, it appears that employment in Educational Services finally returned to the levels which were present in the previous year. (The decline in both years in July signals the usual drop in numbers as a result of summer.)

Chart 21: Monthly employment, Ontario Educational Services industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

One issue which has been of concern for Ontario colleges and universities has been the impact of the pandemic on enrollment for the 2020-2021 academic year. One current piece of data suggests that enrollments may not go down: for Ontario, undergraduate acceptances of offers of admissions (confirmations) for universities were 2.3% higher in 2020 than 2019. However, these numbers vary by university and by category of applicant.[29]

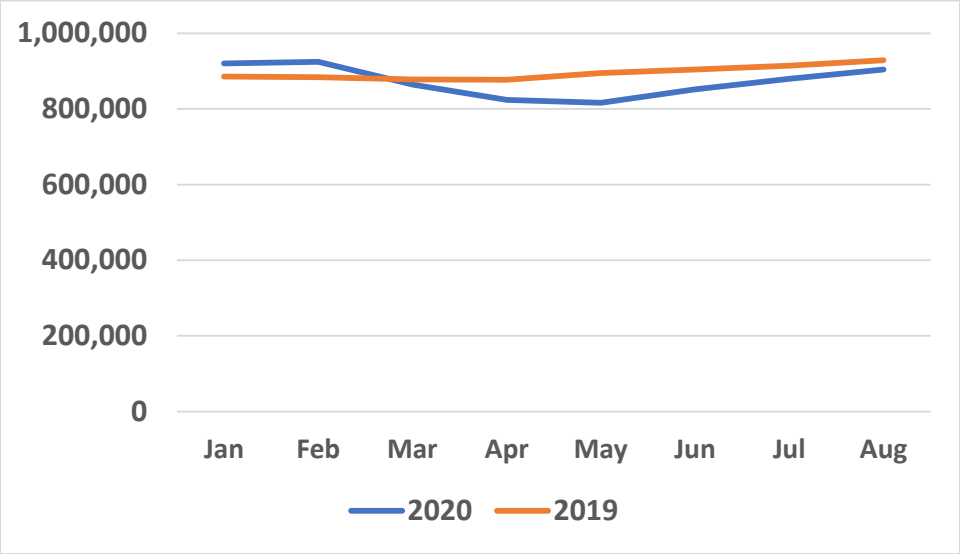
For example, for universities in the Greater Toronto Area (OCAD University, Ontario Tech, Ryerson, University of Toronto and York), confirmations stayed steady (+0.1%), yet for Northern Ontario universities (Algoma, Lakehead, Laurentian and Nipissing), confirmations dropped 8%. In both areas, confirmations dropped for Ontario 2019-2020 secondary school students and increased for those who were not in that category (this includes domestic as well as international students). These issues have consequences for the budgets of these universities, which in turn could have an impact on staffing levels over the course of the academic year.

[29] Ontario Universities' Application Centre,

Health Care and Social Assistance

Overall, there was a slight decline in employment in this industry, most pronounced in April and May. However, the employment dynamics varied considerably by subsector.

Chart 22: Monthly employment, Ontario Health Care and Social Assistance industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Health Care and Social Assistance is made up of four subsectors:

- Ambulatory Health Care Services (offices of health professionals, medical laboratories and home care services) (in 2016, this subsector represented 33% of employment in this industry);
- Hospitals (28% of employment);
- Nursing and Residential Care Facilities (19%);
- Social Assistance (individual, family and community social services, vocational rehabilitation services and child daycare services) (20%).

Table 13 compares the Survey of Employment, Payrolls and Hours monthly figures for each of the subsectors within Health Care and Social Assistance. Using January's employment number as the benchmark for each subsector, Table 13 tracks employment for each subsequent month.

Table 13: Ratio of monthly employment for Ontario's Health Care and Social Assistance subsectors, January to June, 2020 (January = 100)

	January	**February**	**March**	**April**	**May**	**June**
Ambulatory services	100	99	93	74	69	80
Hospitals	100	100	100	99	98	99
Residential care	100	100	99	99	92	94
Social assistance	100	99	94	79	71	72

Statistics Canada, Table 14-10-0201-01

Table 13 shows that payroll employment in Hospitals hardly changed during the first six months of 2020 and declined very slightly among Nursing and Residential Care Facilities. Among Ambulatory Health Care Services and the Social Assistance subsectors, payroll employment levels were down approximately 30% in May, only recovering to being down 20% among Ambulatory Health Care Services, while more or less staying almost 30% down among Social Assistance establishments.

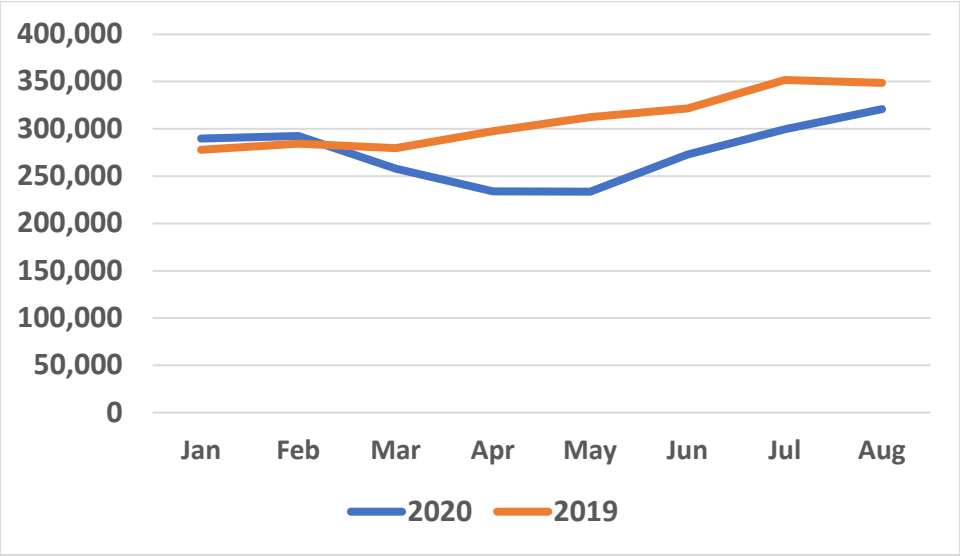
In August, the Ontario Nonprofit Network and the Assemblée de la Francophonie de l'Ontario reported on a survey of over 1,100 nonprofit organizations. 40% of them cited an increase in demand for their services, while they struggled with financial constraints: half of the nonprofits indicated their revenues had declined; 35% had to access their reserves; 30% had to lay off full-time staff; 22% had to resort to pay cuts; and 20% said they could close within the next six months if they did not receive adequate financial assistance.[30]

Information, Culture and Recreation

This category in the Labour Force Survey combines two industries: Information and Cultural Industries (publishing; motion picture and sound recording; broadcasting; telecommunications; and data processing and hosting; this sector also includes cinemas); and Arts, Entertainment and Recreation (performing arts; spectator sports; heritage institutions; amusement parks; gambling industry; golf courses; skiing facilities; marinas; fitness centres; bowling alleys; and so on).

[30] Ontario Nonprofit Network and the Assemblée de la Francophonie de l'Ontario, *Risk, resilience and rebuilding communities: The state of Ontario nonprofits three months into the pandemic*, August 2020. Not all nonprofits would fall into the Social Assistance sector, as they span a range of sectors, but this sector was used as the opportunity to cite this report as many nonprofits do provide services in the Social Assistance category.

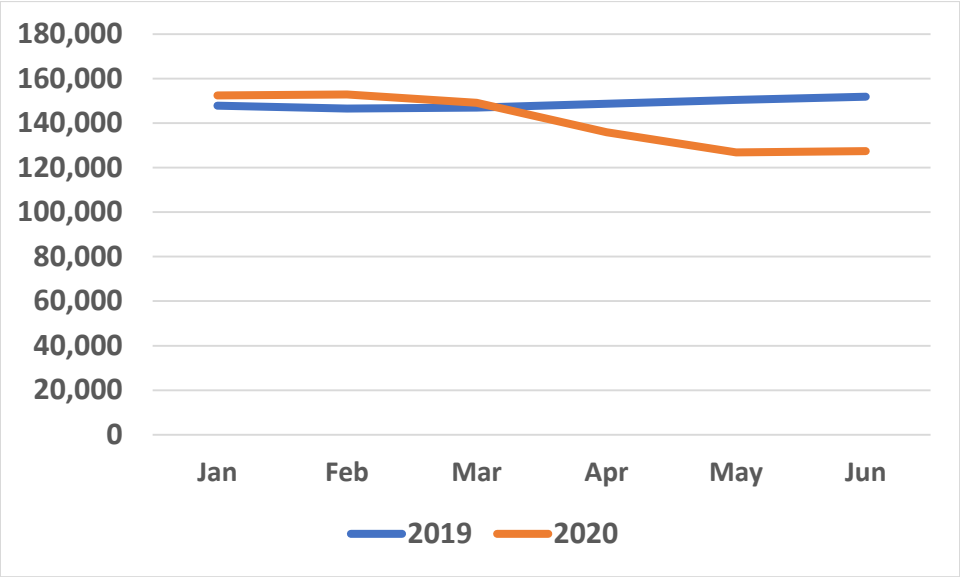
Chart 23: Monthly employment, Ontario Information, Culture and Recreation industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

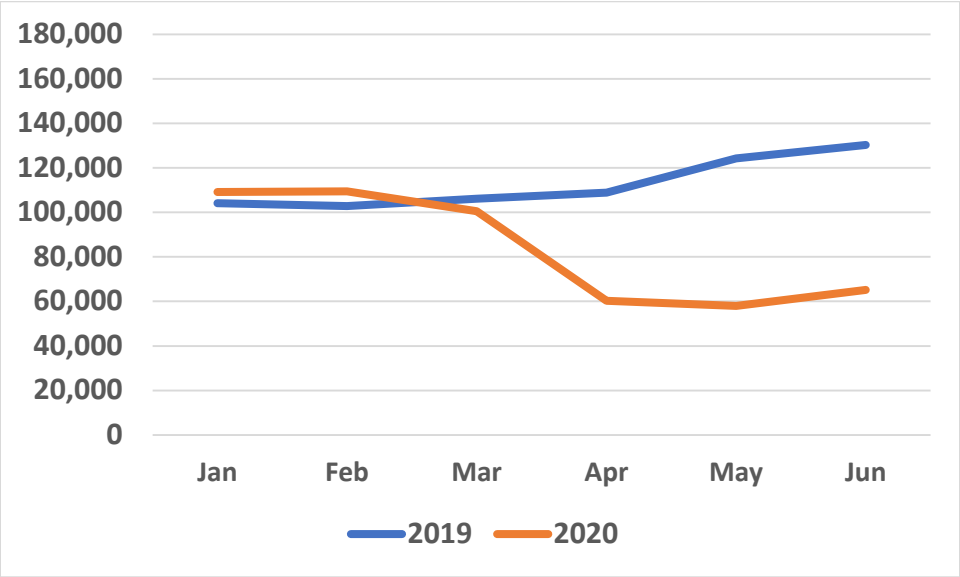
Using the Survey of Employment, Payrolls and Hours, we can unpack the trajectory of how employment varied for these two industries: Chart 24 profiles Information and Cultural industries; Chart 25 highlights the Arts, Entertainment and Recreation sector.

Chart 24: Monthly employment, Ontario Information and Cultural Industries industry, January to June, 2019 and 2020



Statistics Canada, Table 14-10-0201-01

Chart 25: Monthly employment, Ontario Arts, Entertainment and Recreation industry, January to June, 2019 and 2020



Statistics Canada, Table 14-10-0201-01

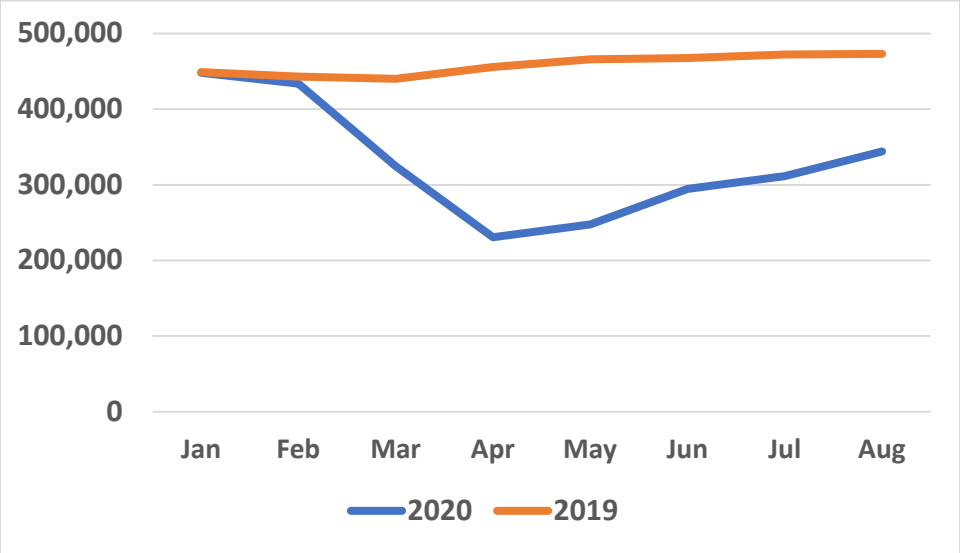
The Information and Cultural Industries had a payroll employment shortfall of 16% in May compared to 2019, which carried over into June. The fact that this gap persisted should be a concern. The largest employment losses were experienced by the motion picture and sound recording industries (which includes both production as well as distribution, such as cinemas). In May and June, this subsector experienced payroll employment declines of over 50%. All the other subsectors had declined under 10%, while the data processing and hosting subsector had payroll employment increases.

The figures for the Arts, Entertainment and Recreation sector were even worse. Not only did employment decline significantly, but it was not able to match the increase in employment which typically occurs over the course of April, May and June. This employment shortfall was a consequence of the lockdown and the prohibition of larger gatherings, which affected theatres, live music, sports events, ski hills, gyms, bowling alleys and the like. The gap in payroll employment between 2019 and 2020 in April was minus 49,000 (minus 45%), in May was minus 66,000 (minus 53%) and in June was minus 65,000 (minus 50%). These are devastating figures for this sector.

Accommodation and Food Services

In terms of absolute numbers, no Ontario industry suffered as many job losses as Accommodation and Food Services. Compared to April 2019, the April 2020 employment level was 225,000 fewer jobs, a decline of 49%. The subsequent months also reflected significant losses: minus 47% in May, minus 37% in June, minus 34% in July and minus 27% in August, meaning almost 130,000 jobs were still missing (Chart 26).

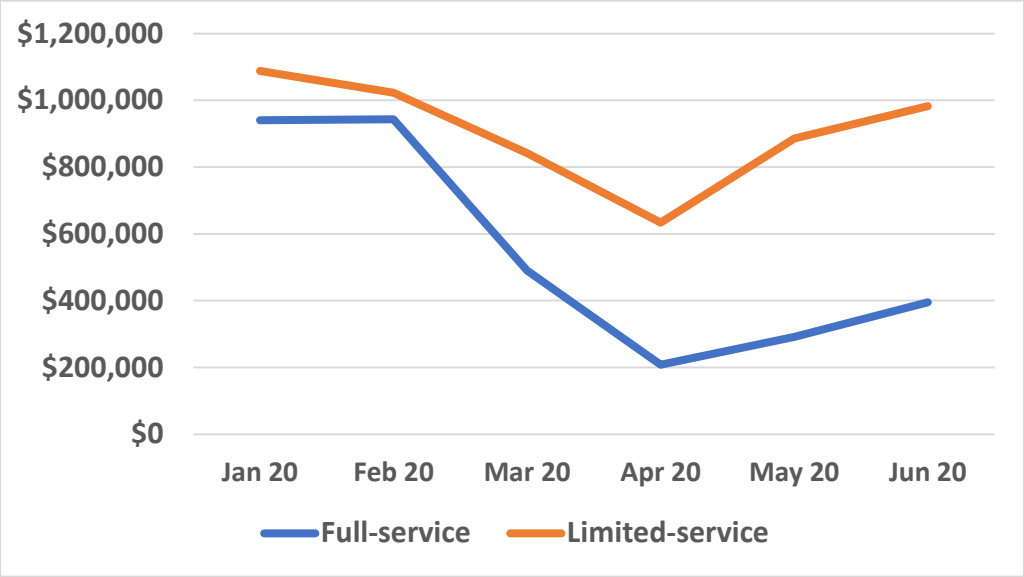
Chart 26: Monthly employment, Accommodation and Food Services industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Survey of Employment, Payrolls and Hours data suggests that Accommodation Services were even harder hit than Food Services. In May, compared to 2019 figures, Accommodation Services payroll employment levels were down 65%, while Food Services were down 57%. In terms of sub-subsectors, the hardest hit was Drinking Places (bars), which experienced a decline in payroll employment of 85% in May.

Chart 27: Monthly receipts (in 000's), Food Services subsectors, Ontario, January to June 2020



Full-service means an establishment where food is ordered at and brought to one's table
Limited-service means one orders at a counter and pays before eating
Statistics Canada, Table 21-10-0019-01

The lockdown had a devastating effect on Ontario restaurants, which were prevented from receiving dine-in customers. While take-out boomed, the benefits did not out-weigh the losses. Fast-food establishments managed much better than full-service restaurants. Receipts for fast-food restaurants had dropped in April to roughly 60% of what they were in January, but by June they had risen to 90% of the January figures. Full-service restaurants saw a much more precipitous decline, to roughly 20% in April, climbing back to only 40% in June (Chart 27).

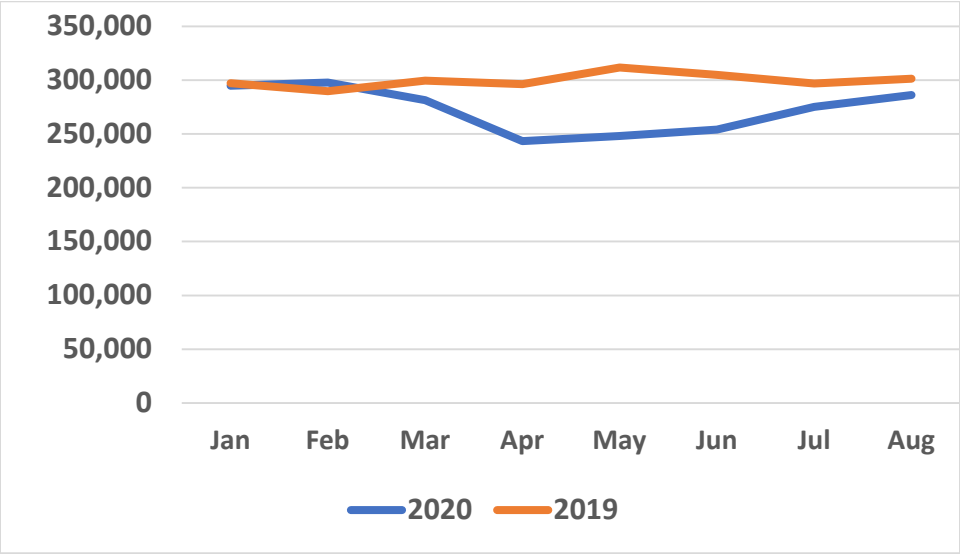
In August, the Canadian Chamber of Commerce reported that 29% of accommodation and food service businesses are unable to operate at all with social distancing measures in place. A further 31% would only be able to stay in business up to 90 more days with such measures in place. In short, up to 60% of this industry could go out of business within three months.[31]

Other Services

This industry constitutes a wide range of different kinds of services: repair and maintenance (from auto mechanics to furniture repair); personal and laundry services (e.g., beauty salons, tattoo parlours, drycleaners, funeral homes); religious, grant-making, civic, and professional and similar organizations (e.g., places of worship, philanthropic foundations, animal rights groups, ethnic associations, chambers of commerce, unions); and private households (employing staff, such as gardeners or caretakers).

[31] Canadian Chamber of Commerce, "60 per cent of restaurants could close permanently in next three months, warns Canadian Chamber," *Press Release*, August 26, 2020.

Chart 28: Monthly employment, Ontario Other Services industry, January to August, 2019 and 2020



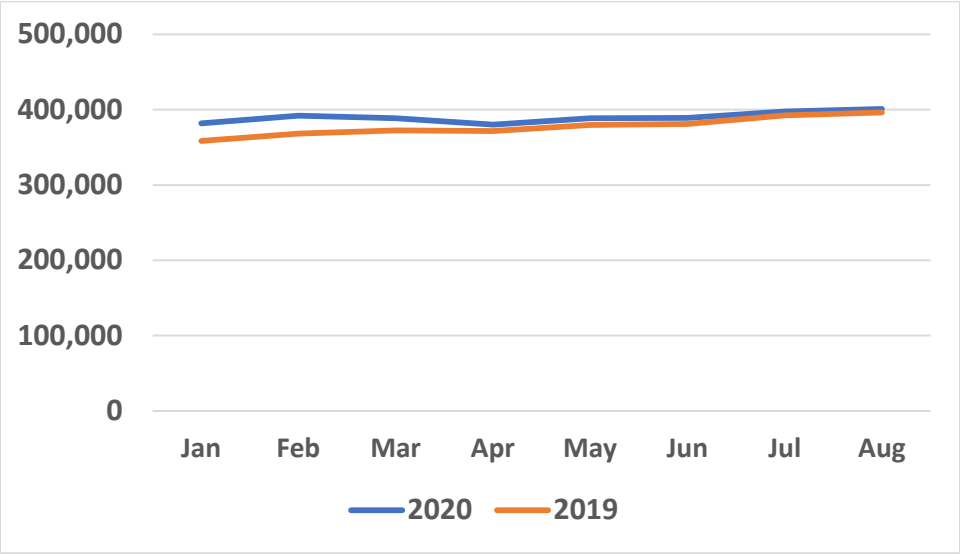
Statistics Canada, Table 14-10-0022-01

The Survey of Employment, Payrolls and Hours indicates that payroll employment loss was greatest among personal and laundry services (around 50% during the height of the lockdown), followed by repair and maintenance (around 25% decline). By August, Other Industry employment had rebounded to be 5% below the level of employment in August 2019.

Public Administration

Public Administration consists of significant employment in federal, provincial and municipal governments, as well as smaller amounts in aboriginal governments and international public administration. Employment levels in this industry stayed steady and during the 2020 lockdown period stayed 1% to 2% above the levels registered in 2019.

Chart 29: Monthly employment, Ontario Public Administration industry, January to August, 2019 and 2020



Statistics Canada, Table 14-10-0022-01

Digging deeper, the Survey of Employment, Payrolls and Hours shows that employment within federal government establishments in Ontario increased slightly, while Ontario provincial and municipal governments saw employment declines. In June 2020, payroll employment compared to 2019 was down 11% among provincial establishments and down 19% among municipal governments. Payroll employment had also declined by 6% among aboriginal governments.

Summing Up

This detailed analysis of each of these industries reveals the following:

- By August 2020, there were very few industries whose level of employment exceeded that of August 2019;
- There were a number of industries where the employment shortfall continued to represent a high proportion of jobs:
    - Transportation and Warehousing (-14%)
    - Real Estate and Rental and Leasing (-18%)
    - Accommodation and Food Services (-27%)

  These three industries alone accounted for a shortfall of 217,000 jobs in August;
- There is a large number of industries where the gap in jobs between August 2019 and August 2020 was 2% to 5%.

The pandemic wreaked its havoc through the months of April and May. What we are now experiencing is the aftermath of the sudden halt to much economic activity. The recovery depends on a revitalized labour market which in turn can sustain consumer spending, which for the last while has been buttressed by emergency payments to Canadians from government. Those payments prevented a far deeper economic decline, as did reliance on savings, deferral of amounts owing and other forms of

relief. While the trajectory of the recovery has been robust, the continuing shortfall in employment across so many industries will mean that the recovery will likely now occur at a slower pace, as those who remained jobless in August continuing rejoining the labour market and are able to earn, as well as spend.

The continuing restrictions on larger gatherings, the continuing reticence of individuals to spend time in enclosed spaces with other strangers, and the continuing travel restrictions, will restrict business activity in the following sectors:

- Transportation
- Accommodation Services
- Food Services
- Arts, Entertainment and Recreation.

We also know that certain retail sectors were harder hit than others and that certain retail chains went out of business, in addition to individual stores of various sorts. Among the retail categories hit particularly hard was the clothing and clothing accessories sector.

Similarly, the likelihood that more office workers will work from home for the foreseeable future will also reduce spending on transportation and transit, as well as among all the services which support workers in office employment zones.

Thus, there are enough lags across the various industries which will result in slower employment growth and slower economic revival.

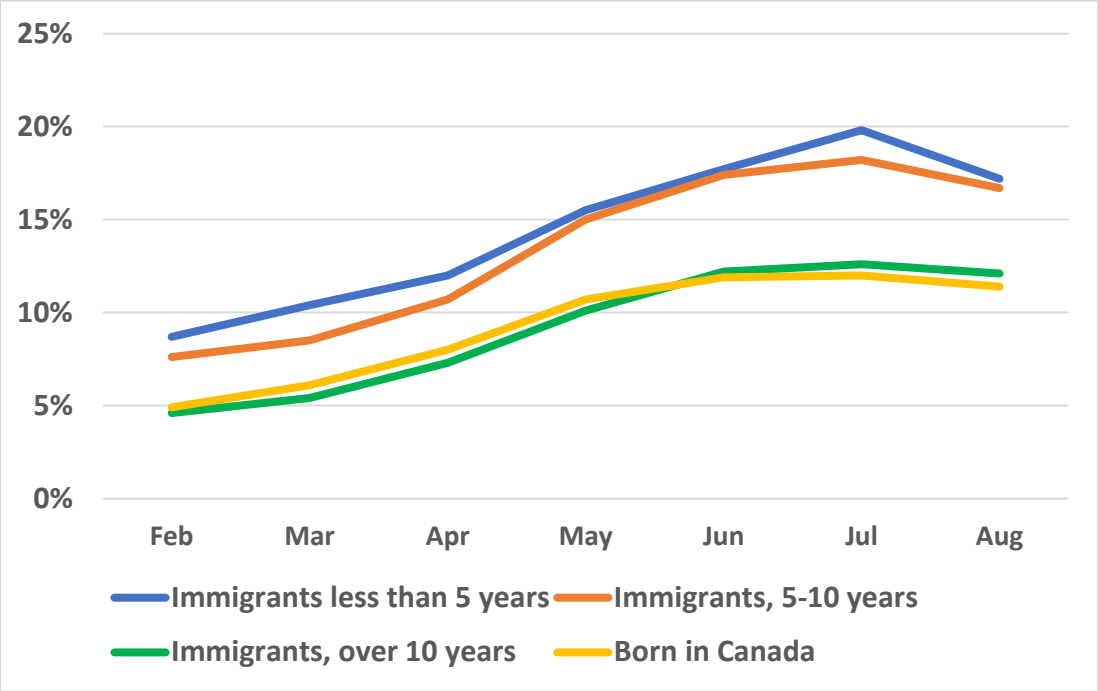
IMPACTS: OTHER SPECIFIC POPULATIONS

In our earlier discussion regarding the unemployment consequences of the pandemic (page 4), it was clear that youth, women and those with lower levels of education had higher levels of unemployment. Having reviewed the impact by industry, one can see how that might the case: large job losses at the height of the lockdown were experienced by such sectors as: Retail Trade; Arts, Entertainment and Recreation; and Accommodation and Food Services; all of which employ larger proportions of lower-skilled and lower paid workers.

Immigrants

There were clear differences in the unemployment rate of the Ontario population, depending on one's immigration characteristics. Landed immigrants who arrived either five years earlier, or who arrived five to ten years earlier, had considerably higher unemployment rates, peaking in July at 19.8% for the most recent immigrants. Meanwhile, the unemployment rates of Canadian-born and immigrants who have been in Canada for over ten years were virtually identical, reaching their high in July of 12% for Canadian-born and 12.6% for long-established immigrants.

Chart 30: Monthly unemployment rate by immigration period, February to August, 2020



Statistics Canada, Table 14-10-0082-01

Visible Minority Status

Statistics Canada began generating labour force statistics by visible minority status during the pandemic period. Only figures at the national level are available. Having in mind that the national unemployment rate in July was 11.1%, certain groups experienced considerably higher unemployment: Arabs (17.9%); Blacks (17.6%) and Southeast Asians (16.6%).

Indigenous People

Labour force data was reported at a national level for Indigenous people as follows: in August, employment for Indigenous people was at 91.4% of its February level, compared to 96.7% for non-Indigenous Canadians.[32]

[32] Statistics Canada, "Labour Force Survey, August 2020," *The Daily*, September 4, 2020.

IMPACT OF COVID-19 ON THE LOCAL LABOUR MARKET

INTRODUCTION

As a global phenomenon, COVID-19 disrupted lives and economies around the world, to the extent that people everywhere experienced many of the same challenges. However, the extent of the impact varied by locality, including the impact on local labour markets.

This report accompanies a review of COVID-19 on the Ontario labour market, which provides detailed analysis of the impact of COVID by industry, as well as on specific population groups. Much of the analysis depends on Statistics Canada's Labour Force Survey, which is a monthly national survey that tracks numerous indicators relevant to the labour market. Being a survey, it has a limited sample size and the smaller the geographic area being analyzed, the smaller is the available sample, which limits the ability to dissect the data by various categories.

To enlarge the sample size and strengthen the robustness of the results, Statistics Canada uses a three-month moving average when it provides data for smaller areas. For example, figures that are reported for May represent the average result for the three months of 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, much of which relies on three-month moving averages.

The area for much of the Labour Force Survey data which will be presented will be Northwest Ontario, which consists of the Districts of Thunder Bay, Rainy River and Kenora.

MEASURING THE IMPACT: UNEMPLOYMENT RATE

Table 1 provides the unemployment figures for 2020, presenting the monthly unemployment rate for Ontario, the three-month moving average for Ontario and the three-month moving average for Northwest Ontario.

Looking at the Ontario figures first, one can see that the monthly unemployment rate rose immediately in March and peaked in May at 13.9%. The Ontario three-month moving average rose more slowly, peaked later (July) and at a lower rate (12.8%). This is to be expected because three months were being averaged.

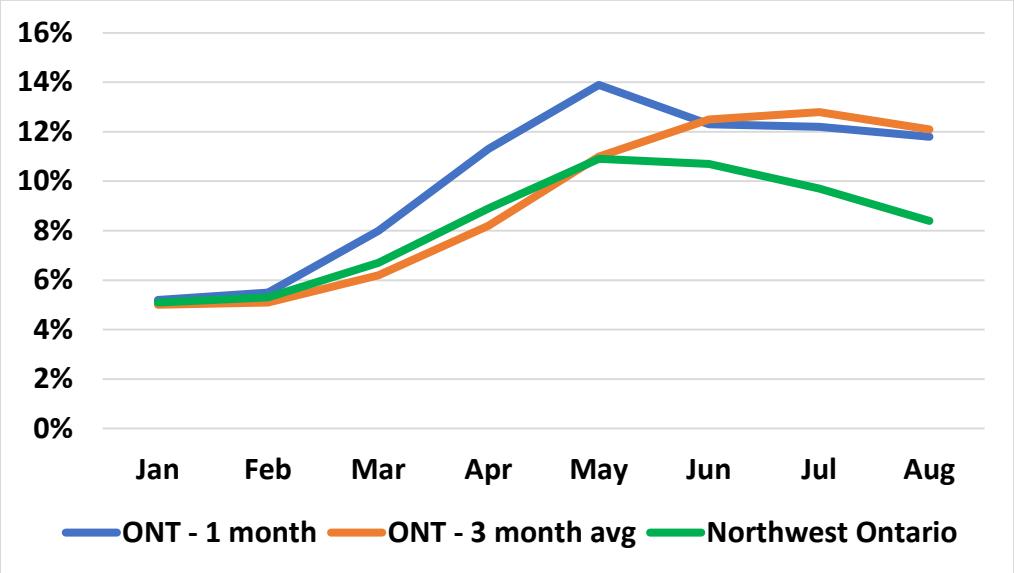
Table 1: Unemployment rate, Ontario monthly, Ontario 3-month moving average, Northwest Ontario 3-month moving average, January to August 2020

	Jan	Feb	Mar	Apr	May	June	July	Aug
ONTARIO 1-Month	5.2%	5.5%	8.0%	11.3%	13.9%	12.3%	12.2%	11.8%
ONTARIO 3-Month Average	5.0%	5.1%	6.2%	8.2%	11.0%	12.5%	12.8%	12.1%
Northwest Ontario 3-month Average	5.1%	5.3%	6.7%	8.9%	10.9%	10.7%	9.7%	8.4%

Statistics Canada, Table 14-10-0022-01 and Table 14-10-0293-01

The three-month moving average for Northwest Ontario stayed more or less in step with the moving average for Ontario from March until May, when it peaked, earlier than the Ontario rate and at a lower rate (10.9%) and has been declining faster, although the 8.4% figure in August is still very high. Chart 1 illustrates the figures from Table 1.

Chart 1: Unemployment rate, Ontario monthly, Ontario 3-month moving average, Northwest Ontario 3-month moving average, January to August 2020



Statistics Canada, Table 14-10-0022-01 and Table 14-10-0293-01

Given how a three-month moving average flattens a peak, one can assume that the one-month unemployment peak for Northwest Ontario was a little higher than 10.9%.[33]

[33] Publicly-accessible unemployment rates for Northwest Ontario are only available since March 2001. Since that time, the three-month moving average has breeched the 10% mark during only one other period, over the months of April, May and June, 2009, hitting a peak of 12.2%.

It is possible to break down the labour force data to two areas within Northwest Ontario. Statistics Canada provides three-month moving average data for the Thunder Bay Census Metropolitan Area (CMA) and by subtracting that data from the Northwest Ontario data, one can isolate the labour market changes for Thunder Bay and the rest of Northwest Ontario. Table 2 provides the three-month moving average unemployment rate for the Thunder Bay CMA and the rest of Northwest Ontario (minus Thunder Bay CMA).[34]

In addition, the table unpacks the Ontario figures. The Toronto CMA experienced much higher levels of unemployment and it is useful to separate the figures for the Toronto CMA and the rest of the province.

Table 2: Unemployment rate, three-month moving average, Thunder Bay CMA, the rest of Northwest Ontario, Toronto CMA and the rest of Ontario, January to August 2020

	Jan	Feb	Mar	Apr	May	June	July	Aug
Thunder Bay CMA	4.9%	5.1%	6.7%	9.2%	11.4%	11.6%	10.4%	9.3%
Rest of NW Ontario	5.3%	5.6%	6.8%	8.4%	10.1%	9.2%	8.5%	6.9%
Toronto CMA	5.0%	5.0%	6.0%	8.0%	11.6%	13.8%	15.0%	14.3%
Rest of Ontario	5.0%	5.2%	6.4%	8.3%	10.6%	11.3%	10.8%	10.1%

Statistics Canada, Table 14-10-0095-01 and Table 14-10-0293-01

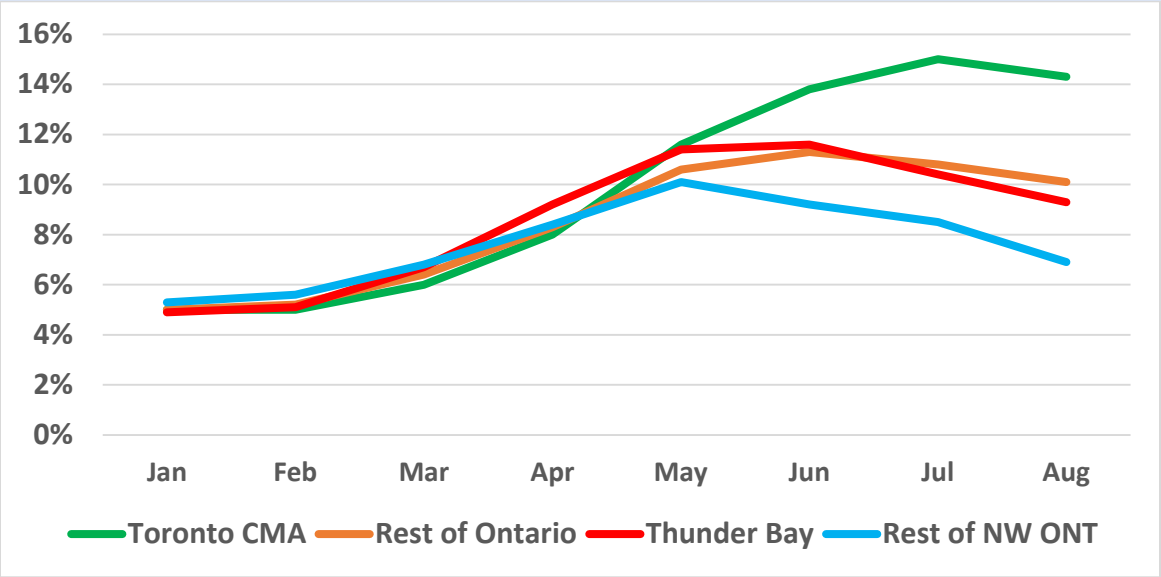
The unemployment rate for the Thunder Bay CMA started the year below that of the rest of Northwest Ontario, but with the advent of COVID-19 and the lockdown, its unemployment rose faster and higher and has stayed higher, while the rate for the rest of Northwest Ontario peaked earlier and has fallen to a three-month average of 6.9% in August.

The unemployment rates for all four areas kept to a relatively narrow band in relation to each other from January to May. After that, the rates started diverging, with Toronto's rate continuing a steep climb, reaching 15.0% in July and four percentage points above the rate in the rest of Ontario through July and August.

The rate for Thunder Bay has kept relatively close to that of Ontario minus the Toronto figures. Chart 2 illustrates all the trends and shows how the rate in the rest of Northwest Ontario has been consistently lower than other parts of the province.

[34] In the 2016 Census, the Thunder Bay CMA accounted for 55% of the labour force in Northwest Ontario. When one removes the Thunder Bay CMA figures from the Northwest Ontario numbers, the Districts of Rainy River and Kenora account for 78% of this remainder, making the "rest of Northwest Ontario" a good approximation of the labour market data for the area covered by the Northwest Training and Adjustment Board.

Chart 2: Unemployment rate, three-month moving average, Thunder Bay CMA, rest of Northwest Ontario, Toronto CMA and rest of Ontario, January to August 2020



Statistics Canada, Table 14-10-0095-01 and Table 14-10-0293-01

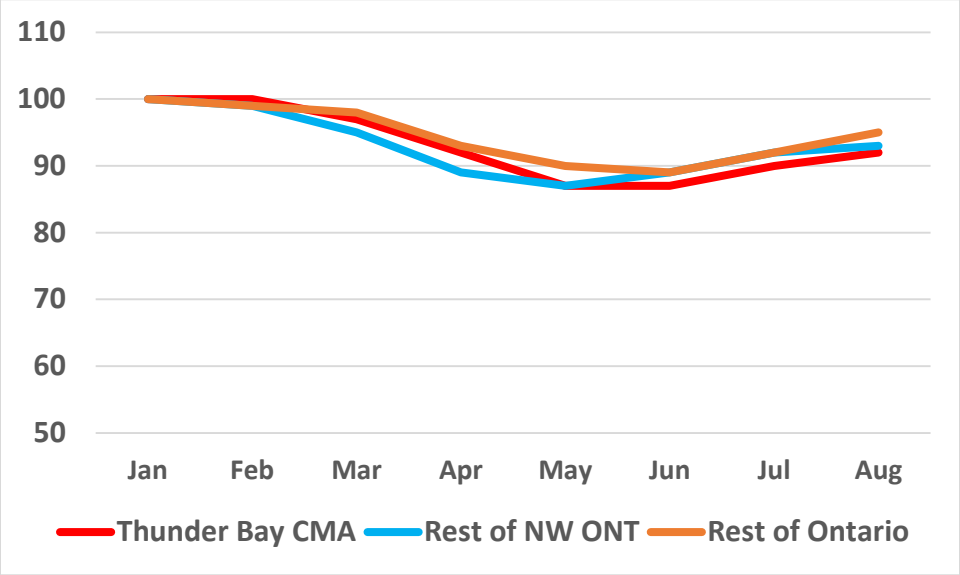
MEASURING THE IMPACT: EMPLOYMENT BY INDUSTRY

This section will present the trends relating to employment by industry, highlighting the data for the Thunder Bay CMA, Northwest Ontario minus Thunder Bay CMA (called Rest of Northwest Ontario – this is largely Rainy River and Kenora) and Ontario minus the Toronto CMA (called Rest of Ontario). As one dissects the Labour Force Survey data further, one is relying on smaller sample sizes and so the margin of error increases. It is worth emphasizing that the data represents three-month moving averages and that trends over two or more months are more reliable than the figure for any given month. The point is, with these smaller samples, the data is an approximation and should be confirmed or challenged on the basis of local intelligence about employment trends.

This reduced sample size is especially problematic for the data representing Northwest Ontario and the Thunder Bay CMA, because of the much smaller populations for these areas. Consequently, only four industries will be profiled, two with the largest employed labour forces for these areas (Health Care and Social Assistance; Wholesale and Retail Trade), one that experienced devastating employment losses throughout Ontario (Accommodation and Food Services) and one that seemed to recover relatively well in Northwest Ontario and in the rest of Ontario (Construction).

First, however, we will present the figures for total employment in the profiled areas (Chart 3). For each geography, the January employment figure is the baseline (= 100), and each subsequent month is calculated in relation to the January baseline, so that one can compare the proportionate change in employment.

Chart 3: Number of employed, three-month moving average, Thunder Bay CMA, rest of Northwest Ontario and rest of Ontario, January to August 2020



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

All three areas generally follow the same trajectory and keep to within a narrow band of each other. This is slightly different from the trajectory for the unemployment rate, where the rest of Northwest Ontario had a noticeably lower unemployment rate than either the Thunder Bay CMA or the rest of Ontario. One likely reason for this, according to the data, is on account of the participation rate, the proportion of the adult population who are in the labour force (either working or actively looking for work). According to the figures in Table 3, it appears the participation rate in the rest of Northwest Ontario dropped slightly more and did not recover as much as elsewhere during this period. This means that the good news of a lower unemployment rate for the rest of Northwest Ontario (Chart 2) may partly be as a result of bad news, which is fewer people participating in the labour force as opposed to fewer people being unemployed.

Table 3: Participation rate, three-month moving average, Thunder Bay CMA, the rest of Northwest Ontario and the rest of Ontario, January to August 2020

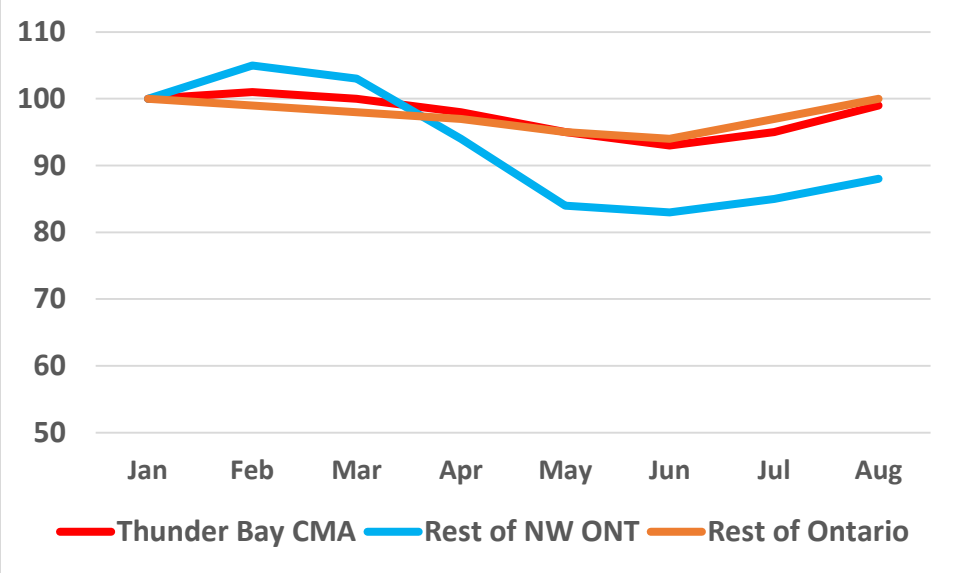
	Jan	Feb	Mar	Apr	May	June	July	Aug
Thunder Bay CMA	61.9%	61.9%	61.2%	59.3%	57.8%	57.8%	59.0%	60.0%
Rest of NW Ontario	59.3%	59.1%	57.2%	55.2%	54.6%	55.4%	56.4%	56.4%
Rest of Ontario	63.1%	62.9%	62.3%	60.9%	60.0%	60.2%	61.8%	62.9%

Statistics Canada, Table 14-10-0095-01 and Table 14-10-0293-01

The next charts illustrate employment trends for specific industries. It bears emphasizing that the smaller samples, especially for the rest of Northwest Ontario, produce results which are less robust. These are more reliable when considered in terms of trends over several months, as opposed to the outcome for any given month (which itself is the average of three months).

Chart 4 illustrates the employment trends for the Health Care and Social Assistance sector. This industry is made up of physician's offices, hospitals, residential care facilities, agencies providing social services, day cares and similar establishments. While the Thunder Bay CMA and the rest of Ontario had very similar trajectories and by August had returned to the level of employment that was present in January, the rest of Northwest Ontario did not fare as well in this sector, experiencing a sharper decline and by August had only recovered to a level that was 88% of the January employment level.

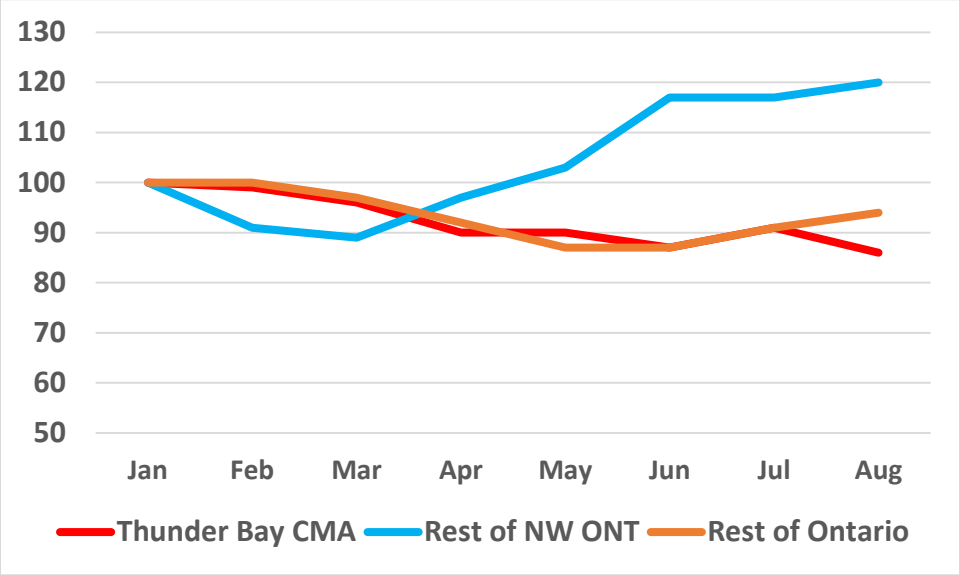
Chart 4: Number of employed, three-month moving average, Health Care and Social Assistance industry, Thunder Bay CMA, rest of Northwest Ontario and rest of Ontario, January to August 2020



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

Chart 5 presents the trends for employment in the Wholesale and Retail Trade sector. In this industry, the results for the rest of Northwest Ontario in comparison to the Thunder Bay CMA and the rest of Ontario are more or less the opposite of the comparison for Health Care and Social Assistance, with a slight decline in February and March and a strong recovery, with job growth easily exceeding the January employment level. This is in contrast to the figures for the Thunder Bay CMA and the rest of Ontario, where employment declined in March and April and pretty much stayed at the same level for the subsequent months, up to and including August, which remains below the January employment figures.

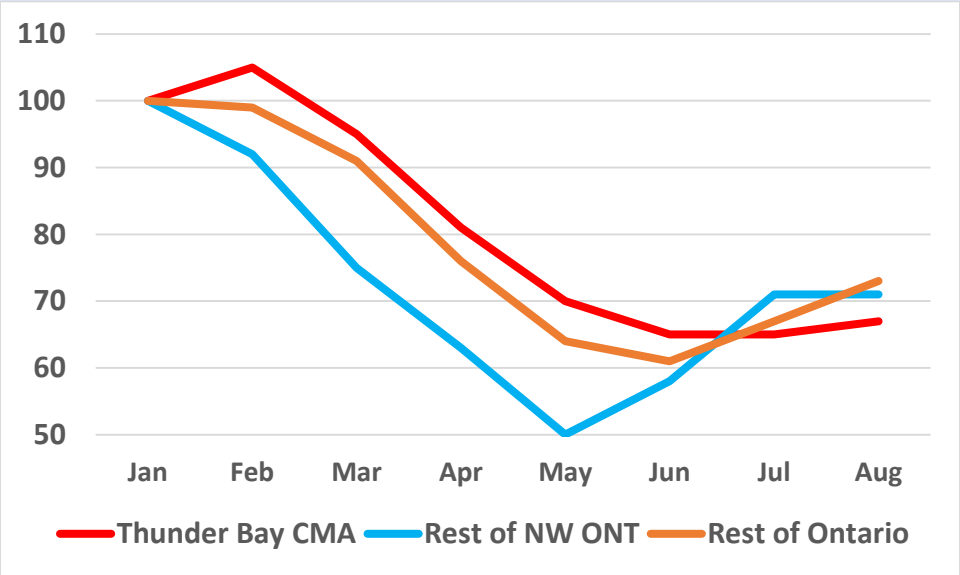
Chart 5: Number of employed, three-month moving average, Wholesale and Retail Trade industry, Thunder Bay CMA, rest of Northwest Ontario and rest of Ontario, January to August 2020



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

As is well-known, the industry most damaged by the pandemic and its aftermath has been the Accommodation and Food Services sector. Chart 6 shows the trend for the areas we are focusing on: all three saw significant declines in employment. By May, the figures for the rest of Northwest Ontario had fallen to 50% of where they were in January, while the Thunder Bay CMA and the rest of Ontario experienced job losses of up to 40%. By August, all three areas had employment levels which were still around 25% to 35% below what they were at the start of the year.

Chart 6: Number of employed, three-month moving average, Accommodation and Food Services industry, Thunder Bay CMA, rest of Northwest Ontario and rest of Ontario, January to August 2020

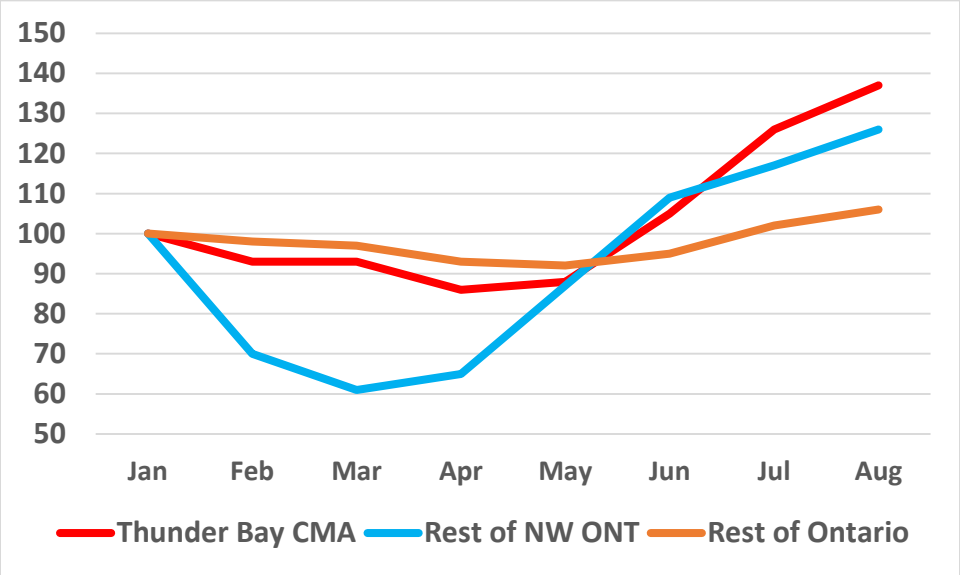


Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

Chart 7 displays the employment trends for the Construction sector, which show a considerable loss of jobs in the rest of Northwest Ontario during the months of February, March and April, but then a strong recovery, resulting in the August employment level being around 26% higher than the figure for January. The likelihood that the figures reflect what actually has happened in the labour market is supported by the fact that employment in Construction also had rebounded in the Thunder Bay CMA and in the rest of Ontario.

This increase is to be expected, as Construction employment is typically higher in August than in January. The good news is that Construction employment for all of Northwest Ontario was around 2% higher in August 2020 than it was in August 2019.

Chart 7: Number of employed, three-month moving average, Construction industry, Thunder Bay CMA, rest of Northwest Ontario and rest of Ontario, January to August 2020



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

SUMMING UP

The key points regarding the local data are as follows (all data is three-month moving averages):

- The unemployment rate for the rest of Northwest Ontario (mainly Rainy River and Kenora) matched that for Ontario minus the Toronto CMA from January until May 2020, when the unemployment rate peaked and then started declining at a faster rate than elsewhere in the province;
- The employment levels in the rest of Northwest Ontario very much followed the trend for the Thunder Bay CMA and the rest of Ontario, with the lowest levels being experienced during April through June; in August, the employment level was still 5% below where it was in January;
- The participation rate in Northwest Ontario dropped further and has stayed lower than in either the Thunder Bay CMA or the rest of Ontario, suggesting that slightly more people may have dropped out of the labour force during this time;
- Analysis of employment levels by industry for the rest of Northwest Ontario is less reliable as the sample size for the data is smaller; one clear observation is the degree to which employment dropped among Accommodation and Food Services and how limited the recovery has been, with employment in August still around 30% level what it had been in January;
- On the other hand, some industries appear to have made a healthy recovery, notably Construction as well as Wholesale and Retail Trade.