



FAO

FINANCIAL ACCOUNTABILITY
OFFICE OF ONTARIO



Ontario's Labour Market in 2022

The province records another year of strong employment growth

2023



Summary

This report provides an update on Ontario's labour market performance in 2022. It presents a summary of the overall labour market in the province, followed by information for demographic groups, industries, major cities and other provinces. The report also highlights some major challenges facing Ontario's labour market.

Ontario's labour market records another strong year in 2022

- Ontario's strong post-pandemic job creation continued in 2022, with employment increasing by 338,300 jobs (or 4.6 per cent). When combined with the rise in 2021, this marks the strongest two-year period of job gains on record. The annual unemployment rate in the province dropped to 5.6 per cent, the same as the pre-pandemic rate observed in 2019.

Nearly all groups of workers saw job gains

- Ontario's job gains were broad-based across all major age groups and genders. The share of the core-aged population (25-54) that was employed reached a record in 2022, with the rate for females climbing to an all-time high.
- The majority of job gains in 2022 were concentrated in full-time, private sector, and permanent positions. Self-employment in Ontario increased modestly following two years of decline – this weakness may reflect record job openings in paid employment as well as a shift in people's willingness to pursue self-employment.
- After declining for two consecutive years, the number of workers 55 years and older who reported leaving their job due to retirement increased sharply by 41.8 per cent in 2022.
- Nearly all major industry groups saw employment gains. Professional, scientific and technical services recorded the largest job gains for the second consecutive year.
- Employment increased across all major Ontario cities. However, employment in Greater Sudbury, Thunder Bay and Brantford remained below the pre-pandemic 2019 level.

Wage gains for most workers trailed inflation

- The average hourly wage rate in Ontario increased 4.2 per cent to \$32.94 in 2022, marking the second consecutive year when wage growth did not keep up with inflation. Only two out of 16 industry groups and five out of 34 occupation groups saw their wages grow above the 6.8 per cent average annual CPI inflation rate in 2022.

While labour market tightness challenges persist, some industries still weak

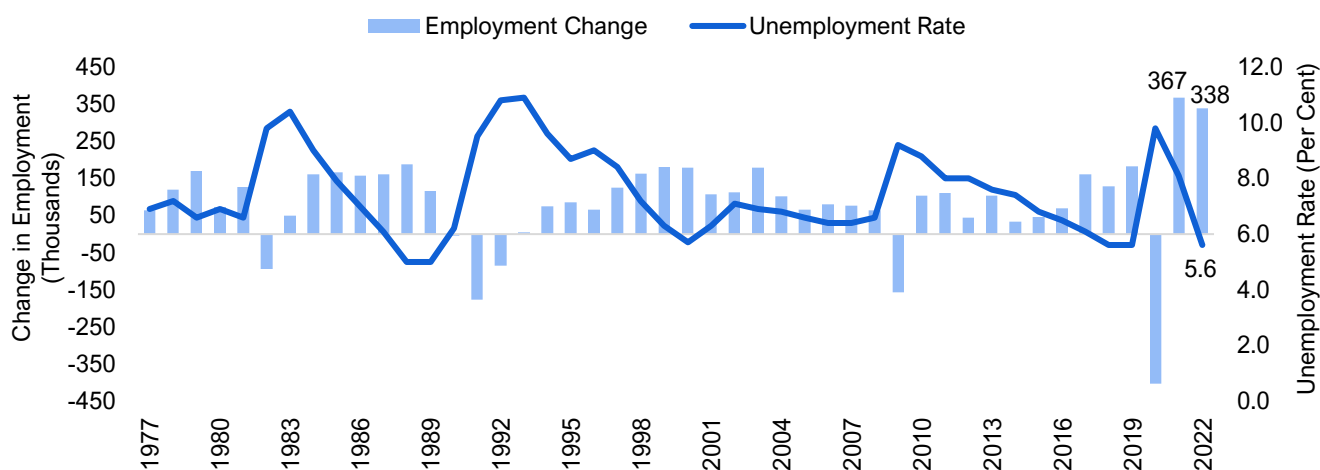
- Hiring challenges persisted in 2022. Of all job vacancies in Ontario, 36.3 per cent remained unfilled for 90 days or more, reaching a record high in the third quarter of 2022. In addition, a record 5.2 per cent of employees were absent from work either a full week or part of a week due to illness or disability in 2022.
- Five industries out of 16 remained below their pre-pandemic 2019 level of employment including accommodation and food services, other services, business, building and other support services, agriculture, and transportation and warehousing.

Ontario's labour market records another strong year in 2022

According to Statistics Canada's Labour Force Survey, Ontario's strong post-pandemic job creation continued in 2022, with employment rising by 338,300 jobs (or 4.6 per cent). When combined with the healthy employment increase in 2021, Ontario has experienced the strongest two-year period of job gains on record.

The average annual unemployment rate in the province dropped to 5.6 per cent in 2022, down from 8.1 per cent in 2021. This brought the annual unemployment rate to same as the pre-pandemic rate observed in 2019.

Figure 1
Record job gains in Ontario during the past two years



Source: Statistics Canada and FAO.

Youth and core-aged workers experienced strong pace of job gains while older workers saw slower growth

In 2022, employment increased across all broad age and gender categories in Ontario. Young workers (15-24) recorded an 8.4 per cent rise in employment, the strongest pace of job growth compared to other major age groups. Female youth employment surpassed the pre-pandemic 2019 level, while employment among their male counterparts remained slightly below that threshold. Core-aged workers (25-54) experienced a job gain of 4.6 per cent in 2022, with the employment increase for males modestly faster than for females. Importantly, the employment rate of core-aged workers reached a record high of 83.9 per cent, as the rate for female workers climbed to an all-time high.

Among all the age groups, older workers (55 and over) saw the slowest pace of job growth in 2022 at 2.2 per cent. After declining for two consecutive years by 21.8 per cent, the number of workers 55 years and older who reported leaving their job in the past 12 months due to retirement increased by 41.8 per cent in 2022. Despite this surge, on a proportional basis, retirements in 2022 were similar to pre-pandemic rates. For female workers in the 55-64 age group, the proportion reached a record high.

All age and gender groups saw their unemployment rate decline in 2022. However, the unemployment rate remained slightly elevated compared to the pre-pandemic 2019 rate for core-aged female workers and older workers across both genders.

Table 1

Summary of labour market outcomes for demographic groups

Age and Gender	Annual Employment Change in 2022 (Thousands)	Annual Employment Change in 2022 (Per Cent)	Unemployment Rate (Per Cent)		
			2020	2021	2022
Youth (15-24 years)	79.2	8.4	22.1	15.9	11.5
Males	31.4	6.4	22.3	16.5	12.4
Females	47.8	10.4	22.0	15.2	10.6
Core (25-54 years)	222.5	4.6	7.9	6.7	4.6
Males	122.7	4.9	7.7	6.6	4.3
Females	99.8	4.3	8.1	6.8	5.0
Older (55 years and over)	36.6	2.2	7.3	7.4	4.6
Males	14.4	1.6	7.1	7.2	4.5
Females	22.2	3.0	7.5	7.8	4.7
Total	338.3	4.6	9.8	8.1	5.6

Source: Statistics Canada and FAO.

Ontario saw broad based job gains across different types of employment categories

Employment grew across all major employment types. The majority of the job gains in 2022 were concentrated in full-time, private sector, and permanent positions. The pace of employment growth was generally similar across most types of jobs, except for those self-employed.

The number of self-employed Ontarians increased by merely 900 (0.1 per cent) in 2022, following two years of decline. This three-year period of weakness may reflect record job openings for paid employment as well as a shift in willingness to pursue self-employment in uncertain times. Since 2019, 62.5 per cent of the decline in self-employment was driven by self-employed individuals who were unincorporated and had no paid help.

Table 2

Ontario experienced broad-based employment gains

Type of Employment	Annual Employment Change in 2022 (Thousands)	Annual Employment Change in 2022 (Per Cent)
Full-time	283.5	4.7
Part-time	54.8	4.2
Class of Workers		
Private	250.8	5.1
Public	86.6	6.1
Self-employed	0.9	0.1
Job Permanency of Paid Employment*		
Permanent	295.7	5.3
Temporary	41.7	5.8
Total	338.3	4.6

*Paid employment does not include self-employment.

Source: Statistics Canada and FAO.

Most industries in Ontario saw strong job growth in 2022

Of the 16 major industries in Ontario, 15 saw an increase in employment in 2022. Professional, scientific and technical services recorded the largest increase in employment (51,000, or 6.8 per cent) for the second consecutive year. The construction sector also had healthy job growth, with employment rising a strong 49,300 (or 9.2 per cent). Health care and social assistance, one of the largest sources of employment in Ontario, saw job growth of 34,400 (3.8 per cent) in 2022. Other services recorded a decline in employment of -5,600 (-2.2 per cent) in 2022, marking the third year of persistent job loss.¹

Table 3

The majority of the industries saw job gains in 2022

Industry	Annual Employment Change in 2022 (Thousands)	Annual Employment Change in 2022 (Per Cent)
Professional, scientific and technical services	51.0	6.8
Construction	49.3	9.2
Finance, insurance, real estate, rental and leasing	41.1	6.5
Wholesale and retail trade	34.5	3.1
Health care and social assistance	34.4	3.8
Public administration	27.6	6.7
Accommodation and food services	26.5	7.1
Information, culture and recreation	18.1	6.1
Transportation and warehousing	12.7	3.5
Educational services	12.2	2.2
Manufacturing	11.9	1.5
Utilities	8.6	16.7
Business, building and other support services	8.4	3.0
Agriculture	5.0	7.5
Forestry, fishing, mining, quarrying, oil and gas	2.5	7.2
Other services (except public administration)	-5.6	-2.2

Source: Statistics Canada and FAO.

Employment grew across all Census Metropolitan Areas

All census metropolitan areas (CMAs) in Ontario saw an increase in employment in 2022. Belleville (14.8 per cent), St. Catharines-Niagara (11.5 per cent), and Kingston (8.1 per cent) had the fastest pace of job creation. In contrast, Thunder Bay (1.3 per cent), Hamilton (2.2 per cent), and Kitchener-Cambridge-Waterloo (3.3 per cent) experienced relatively slow rates of employment growth.

Despite seeing job growth in 2022, both the major cities in northern Ontario remained below the pre-pandemic level of employment. Total employment in Greater Sudbury remained 2.2 per cent below the pre-pandemic 2019 level while Thunder Bay remained 2.1 per cent below. Employment in Brantford was 1.3 per cent below the pre-pandemic 2019 level.

All major cities saw their unemployment rate decline in 2022. Across the CMAs, the highest unemployment rates in 2022 were recorded in Windsor (7.7 per cent) and Toronto (6.4 per cent). Belleville had the lowest unemployment rate at 3.7 per cent in 2022.

¹ Other services include industries related to repair and maintenance of motor vehicles, machinery and equipment, and other products, personal care services, funeral services, laundry services, and other services to individuals, religious, grant-making, civic, and professional and similar organizations, as well as private households engaged in employing workers such as cooks, maids, gardeners or caretakers, and babysitting. For details, see [North American Industry Classification System \(NAICS\) Canada 2017 Version 3.0](#).

Table 4

All Census Metropolitan Areas experienced job growth and lower unemployment rates in 2022

Census Metropolitan Area	Annual Change in Employment, 2022 (Per Cent)	Unemployment Rate (Per Cent)	
		2021	2022
Belleville	14.8	8.4	3.7
St. Catharines-Niagara	11.5	10.3	5.2
Kingston	8.1	7.5	5.5
Barrie	7.6	8.1	5.5
Oshawa	7.3	7.8	5.3
London	4.8	7.9	5.7
Brantford	4.7	7.1	5.1
Toronto	4.7	9.3	6.4
Guelph	4.3	6.8	4.2
Peterborough	4.1	7.8	4.5
Greater Sudbury	4.0	7.5	4.3
Windsor	3.8	9.7	7.7
Ottawa-Gatineau, Ontario part	3.4	6.1	4.2
Kitchener-Cambridge-Waterloo	3.3	6.3	5.7
Hamilton	2.2	6.9	4.9
Thunder Bay	1.3	7.3	4.9

Source: Statistics Canada and FAO.

All provinces experienced employment growth in 2022

On an average annual basis, all provinces experienced job gains in 2022. Ontario's employment growth (4.6 per cent) was the third fastest pace of job gains, trailing Prince Edward Island (5.4 per cent) and Alberta (5.2 per cent). The unemployment rate also dropped across all the provinces. In 2022, Ontario recorded the fifth lowest unemployment rate in the country, trailing British Columbia, Saskatchewan, Manitoba and Quebec.

Table 5

Ontario experienced the third fastest pace of job gains among all the provinces in 2022

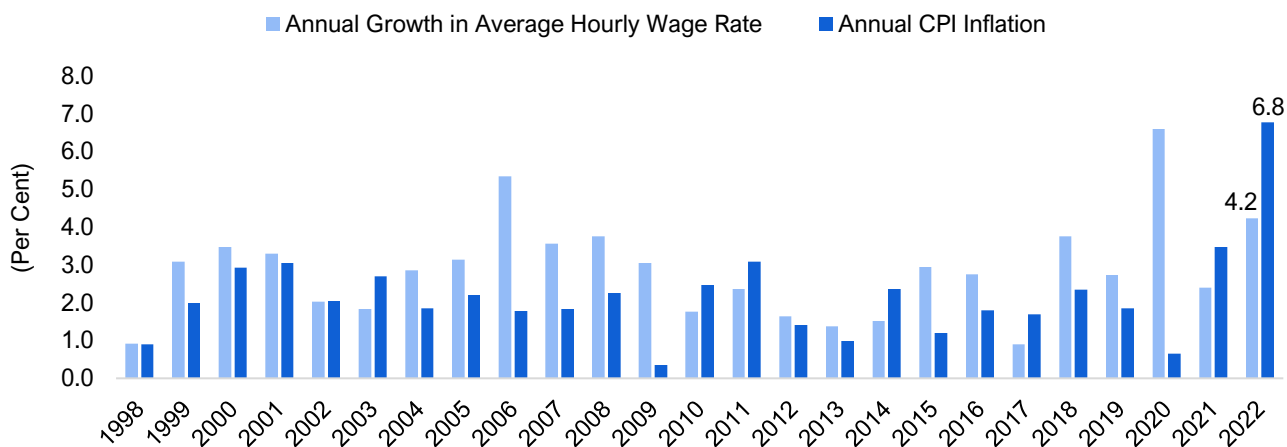
Province	Annual Change in Employment, 2022 (Per Cent)	Unemployment Rate (Per Cent)	
		2021	2022
Prince Edward Island	5.4	9.7	7.6
Alberta	5.2	8.6	5.8
Ontario	4.6	8.1	5.6
Newfoundland and Labrador	4.4	13.1	11.3
Nova Scotia	3.6	8.6	6.5
Saskatchewan	3.5	6.6	4.7
Manitoba	3.2	6.5	4.6
British Columbia	3.2	6.6	4.6
Quebec	3.0	6.1	4.3
New Brunswick	2.8	9.2	7.2
Canada	4.0	7.5	5.3

Source: Statistics Canada and FAO.

Wage growth in Ontario lagged inflation for the second consecutive year

The average hourly wage of Ontarians increased 4.2 per cent to \$32.94 in 2022, below the 6.8 per cent CPI inflation rate. This marked the second consecutive year when wage growth did not keep up with inflation.

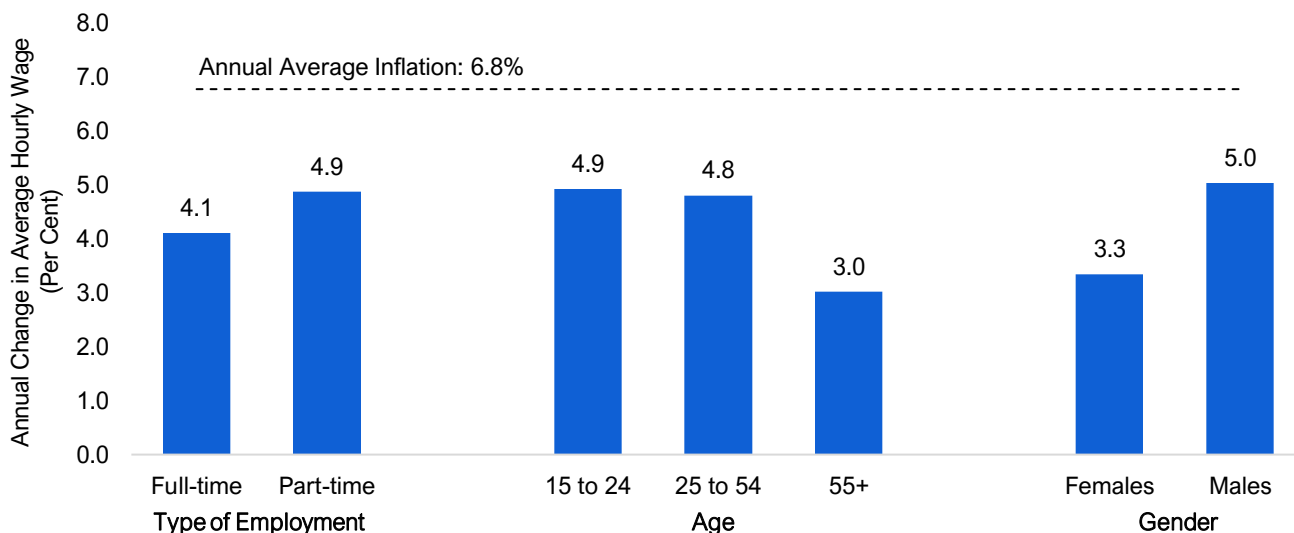
Figure 2
Average hourly wage growth did not keep up with inflation for the second consecutive year



Source: Statistics Canada and FAO.

Wage growth remained below the inflation rate for all major groups. Wages for full-time employees increased 4.1 per cent, lower than the 4.9 per cent growth experienced by part-time workers. Across the broader age groups, young workers saw average wage gains of 4.9 per cent, followed by core-age workers (4.8 per cent), and older workers (3.0 per cent). Average wage growth for male workers (5.0 per cent) outpaced that for female workers (3.3 per cent).

Figure 3
Average hourly wage growth remained below inflation for all major groups



Source: Statistics Canada and FAO.

Wage growth across most industries and occupations did not keep up with inflation

Of the 16 major industry groups, only two industries saw their average hourly wage rate increase faster than inflation. Professional, scientific and technical services — an industry which had the second highest average hourly wage rate among all industries as well as the largest increase in employment in 2022 — recorded the strongest annual wage growth (9.0 per cent). The second highest wage growth (8.9 per cent) was recorded by accommodation and food services — an industry which had the lowest average hourly wage rate among all the industries, but the highest rate of job vacancy² as of the third quarter of 2022. Wage growth for workers in the wholesale and retail trade industry — an industry which accounts for a major share of minimum wage workers — did not keep up with inflation in 2022, rising 4.7 per cent.

Table 6

Average hourly wage rate for a majority of the industries did not keep up with CPI inflation

Industry	Average Hourly Wage Rate, 2022 (\$)	Annual Change in Average Hourly Wage Rate in 2022 (Per Cent)
Professional, scientific and technical services	43.6	9.0
Accommodation and food services	18.9	8.9
Business, building and other support services	25.3	5.9
Manufacturing	30.8	5.6
Wholesale and retail trade	25.4	4.7
Health care and social assistance	31.3	4.3
Construction	34.0	4.1
Finance, insurance, real estate, rental and leasing	41.1	3.0
Agriculture	21.6	2.9
Utilities	49.2	2.6
Transportation and warehousing	29.9	2.4
Educational services	39.4	1.9
Information, culture and recreation	32.5	1.0
Public administration	42.3	0.1
Other services (except public administration)	27.9	-0.9
Forestry, fishing, mining, quarrying, oil and gas	40.5	-3.7
Total employees, all industries	32.9	4.2

Source: Statistics Canada and FAO.

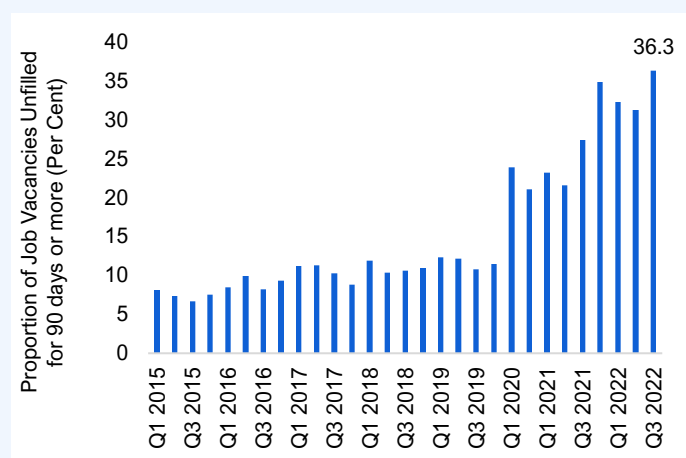
Across 34 different occupation groups, the average hourly wage for only five occupations increased more than inflation in 2022.³ Occupation groups that had above-inflation wage growth include legislative and senior management (13.5 per cent), professional occupations in natural and applied sciences (8.0 per cent), labourers in processing, manufacturing and utilities (8.0 per cent), helpers and labourers and other transport drivers, operators and labourers in trades, transport and equipment operators and related occupations (7.5 per cent), and supervisors, central control and process operators in processing, manufacturing and utilities and aircraft assemblers and inspectors (7.2 per cent).

² Job vacancy rate is defined as the number of job vacancies expressed as a percentage of labour demand, that is, all occupied and vacant jobs.

³ See Appendix for details.

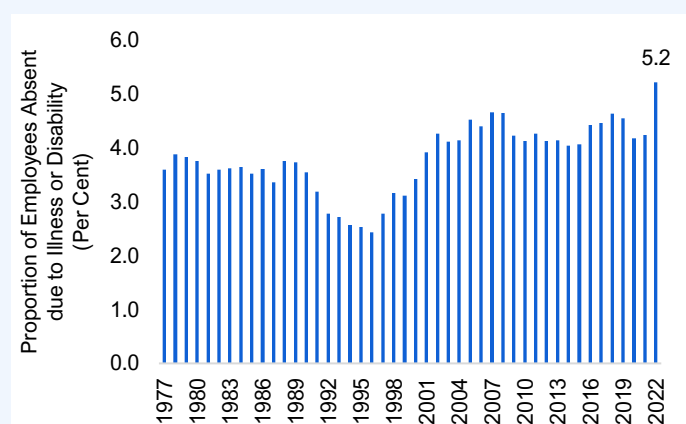
Figure 4
Several labour market challenges persist

Proportion of long-term job vacancies reached highest on record



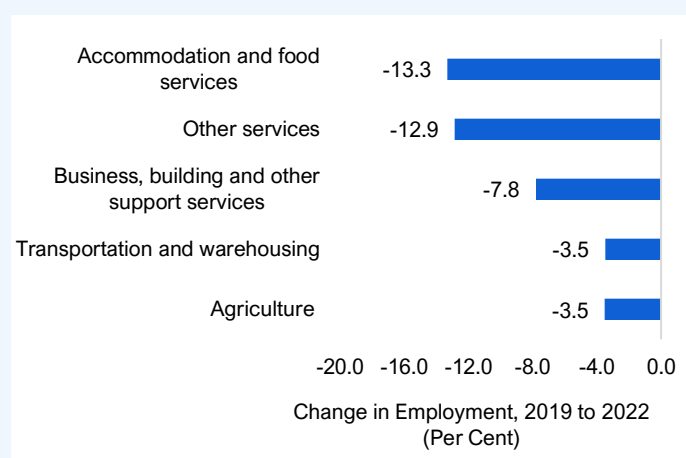
- Long-term job vacancies, defined as positions that remained unfilled for 90 days or more, represented 36.3 per cent of all job vacancies in the third quarter of 2022, the highest share on record.
- Trades, transport and equipment operators and related occupations and health occupations had the highest proportion of vacancies unfilled for 90 days or more. Close to half the job vacancies in trades, transport and equipment operators and related occupations remained unfilled for 90 days or longer as of the third quarter of 2022.
- Long-term job vacancies can impact businesses by decreasing production, creating additional costs, and causing backlogs, among other challenges.⁴

Record proportion of employees absent due to illness or disability



- With most pandemic-related restrictions more fully lifted, the share of Ontario employees who were absent either a full week or part of a week due to illness or disability reached 5.2 per cent in 2022, the highest on record.
- Overall, nearly 404,100 employees were absent either a full week or part of a week in 2022 due to illness or disability, a 22.2 per cent increase over the 2017-2019 average.
- Increased absence due to illness could reduce business operations and contribute to additional labour market tightness and wage pressure as employers might be forced to recruit additional workers.⁵

Employment in some industries not recovered from pandemic



- Five out of 16 industries operated with fewer employees in 2022 compared to before the pandemic in 2019, including other services, accommodation and food services, agriculture, business, building and other support services, and transportation and warehousing. Collectively, the share of these industries in total employment has dropped from 20.5 per cent to 17.9 per cent over the period.
- As of the third quarter of 2022, overall job vacancies in these sectors represented nearly 31.4 per cent of all vacancies in Ontario, substantially higher than their share of employment.
- With demand for labour strong across most sectors, workers may be migrating away from lower-paying jobs in favour of employment openings that offer higher wages, regular hours and more comprehensive benefits.

Source: Statistics Canada and FAO.

⁴ See [Long-term job vacancies in Canada](#).

⁵ See [In sickness and in "health": Canada's labour market](#).

Appendix

Table 7
Average hourly wage rate data by occupation

National Occupational Classification (NOC)	Average Hourly Wage Rate, 2022 (\$)	Annual Change in Average Hourly Wage Rate (Per Cent)
Management occupations	56.6	4.5
Legislative and senior management occupations	87.5	13.5
Specialized middle management occupations	59.8	4.9
Middle management occupations in retail and wholesale trade and customer services	45.4	5.3
Middle management occupations in trades, transportation, production and utilities	49.7	2.3
Business, finance and administration occupations, except management	32.5	3.0
Professional occupations in finance and business	41.7	3.1
Administrative and financial supervisors and specialized administrative occupations	33.1	0.2
Administrative occupations and transportation logistics occupations	28.7	2.6
Administrative and financial support and supply chain logistics occupations	24.1	3.7
Natural and applied sciences and related occupations, except management	43.4	6.2
Professional occupations in natural and applied sciences	47.8	8.0
Technical occupations related to natural and applied sciences	33.5	2.1
Health occupations, except management	33.4	4.1
Professional occupations in health	42.3	3.1
Technical occupations in health	32.4	3.0
Assisting occupations in support of health services	23.2	3.3
Occupations in education, law and social, community and government services, except management	39.0	2.2
Professional occupations in law, education, social, community and government services	44.1	2.3
Front-line public protection services and paraprofessional occupations in legal, social, community, education services	30.8	2.9
Assisting occupations in education and in legal and public protection	27.5	2.7
Care providers and public protection support occupations and student monitors, crossing guards and related occupations	20.9	2.6
Occupations in art, culture, recreation and sport, except management	28.4	-5.1
Professional occupations in art and culture	34.8	-3.0
Technical occupations in art, culture and sport	33.2	3.6
Occupations in art, culture and sport	24.5	-12.1
Support occupations in art, culture and sport	20.0	-1.3
Sales and service occupations, except management	21.5	1.7
Retail sales and service supervisors and specialized occupations in sales and services	27.2	-2.3
Occupations in sales and services	24.8	0.7
Sales and service representatives and other customer and personal services occupations	22.4	2.0
Sales and service support occupations	17.6	6.3
Trades, transport and equipment operators and related occupations, except management	29.6	4.0
Technical trades and transportation officers and controllers	34.4	4.0
General trades	26.8	4.7
Mail and message distribution, other transport equipment operators and related maintenance workers	26.3	3.6
Helpers and labourers and other transport drivers, operators and labourers	22.8	7.5
Natural resources, agriculture and related production occupations, except management	24.5	4.1
Supervisors and occupations in natural resources, agriculture and related production	35.6	0.0
Workers and labourers in natural resources, agriculture and related production	21.4	6.4
Occupations in manufacturing and utilities, except management	25.6	6.1
Supervisors, central control and process operators in processing, manufacturing and utilities and aircraft assemblers and inspectors	36.8	7.2
Machine operators, assemblers and inspectors in processing, manufacturing and printing	23.3	5.4
Labourers in processing, manufacturing and utilities	20.7	8.0
Total employees, all occupations	32.9	4.2

Source: Statistics Canada and FAO.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario. This report is based on Statistics Canada's Labour Force Survey data as of February 3, 2023.

Prepared by Sabrina Afroz (Senior Economist), Jay Park (Senior Economist) under the direction of Paul Lewis (Chief Economist).



Financial Accountability Office of Ontario
2 Bloor Street West, Suite 900 Toronto, Ontario M4W 3E2 | fao-on.org | info@fao-on.org | 416-644-0702
This document is also available in an accessible format and as a downloadable PDF on our website.

ISBN 978-1-4868-6908-4

© King's Printer for Ontario, 2023