

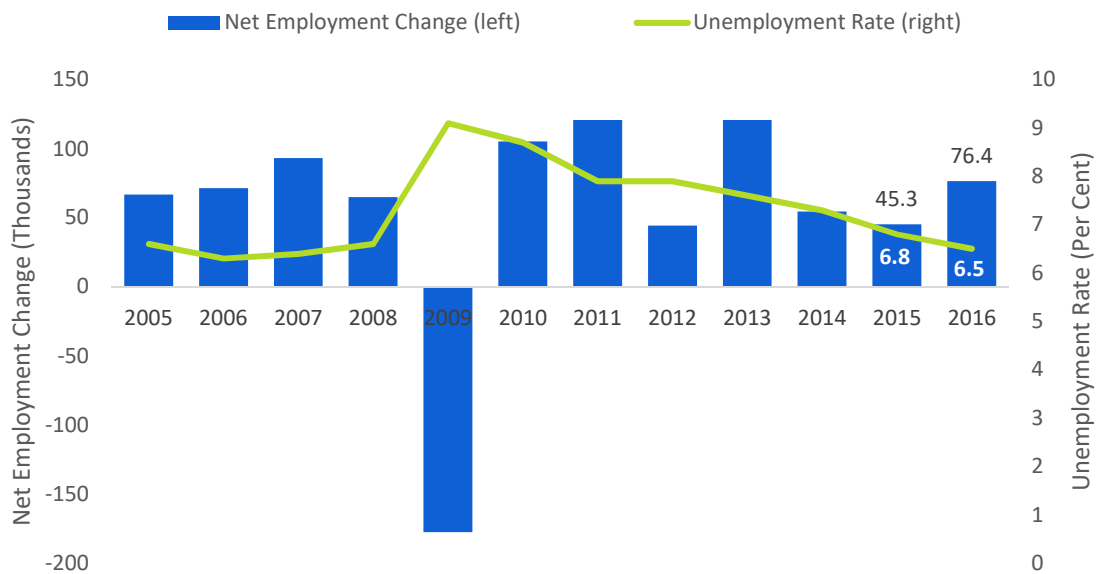
Ontario Posts Solid 2016 Job Gain as the Labour Market Continues to Evolve

Statistics Canada recently released its Labour Force Survey (LFS) for December 2016, providing an assessment of Canada’s annual labour market performance in 2016.¹ Overall, Ontario posted a relatively strong job gain of 76,400 net new jobs (+1.1 per cent) in 2016, up from a gain of 45,300 new jobs (+0.7 per cent). The unemployment rate also improved last year, declining 0.3 percentage points to 6.5 per cent.

However, looking beyond the headline results reveals a labour market that is undergoing both structural and behavioural changes as well as continuing challenges for some workers. These underlying trends include:

- A decrease in the share of both full-time and private sector positions relative to total employment. The share of full-time and private sector jobs fell noticeably during the 2008-2009 recession and have shown only modest improvements in recent years.
- Weaker labour market results for younger workers (ages 15 to 24). The employment rate² of younger workers dropped during the recession and has shown only limited signs of recovering.
- Large disparities in labour market conditions across Ontario’s regions.³ In particular, job creation remains concentrated in the Greater Toronto Area (GTA) while employment rates in Northern and Southwestern Ontario continue to remain well below the provincial average.

Ontario Posts Solid Job Growth in 2016



Source: Statistics Canada

¹ This Commentary reports 2016 labour market results based on LFS annual values. Other reports sometimes measure yearly performance by comparing December over December values.

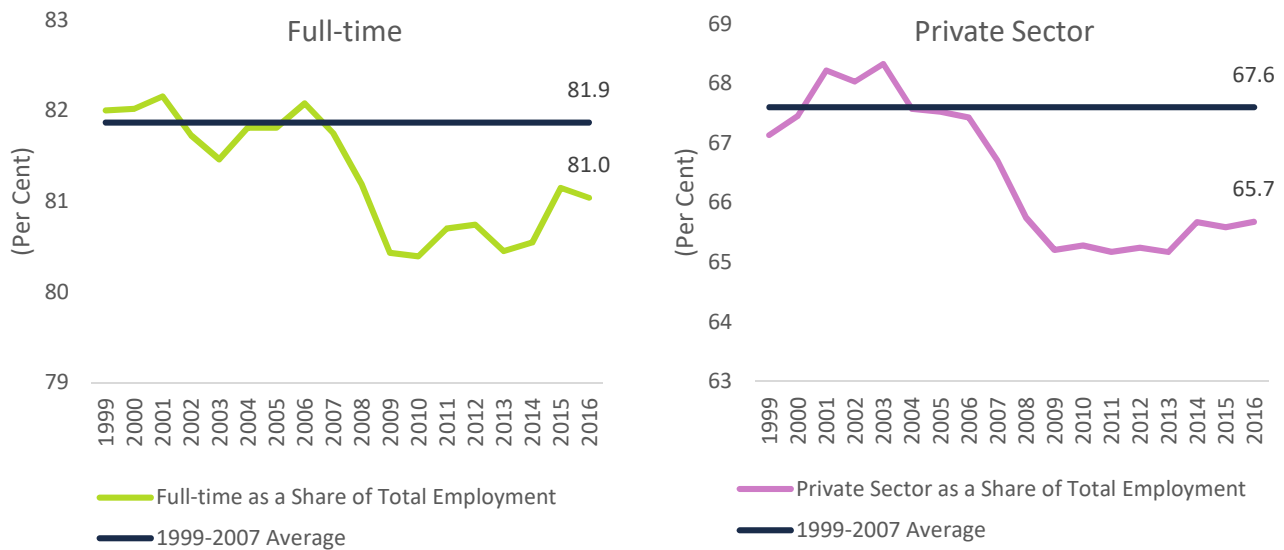
² The employment rate is the number of employed relative to the size of the population.

³ The regions include: the Greater Toronto Area, Southwestern Ontario (Windsor, London and Stratford areas), Central Ontario (Kitchener, Waterloo, Barrie, Hamilton, Niagara, Muskoka and Kawarthas areas), Eastern Ontario (Ottawa, Kingston and Pembroke areas) and Northern Ontario (Sudbury and Thunder Bay areas).

Share of Full-time and Private Sector Employment Remain Below Pre-recessionary Levels

The majority of new jobs created in 2016 were in full-time positions (+54,400 jobs). Even so, the number of part-time jobs grew at a faster rate (1.7 per cent), resulting in the share of full-time employment relative to total employment slipping to 81.0 per cent in 2016, almost a full percentage point below the pre-recession average. An increase back to the average pre-recession share would require roughly 60,000 workers moving into full-time positions from part-time work.

Share of Full-time and Private Sector Workers Recovering Slowly



Source: Statistics Canada and FAO

Private-sector positions accounted for 74 per cent of total job growth in 2016, increasing the overall share of private-sector jobs to 65.7 per cent of total employment. Despite the solid private sector job gain last year, the share of private sector employment remains roughly two percentage points below its pre-recession average.

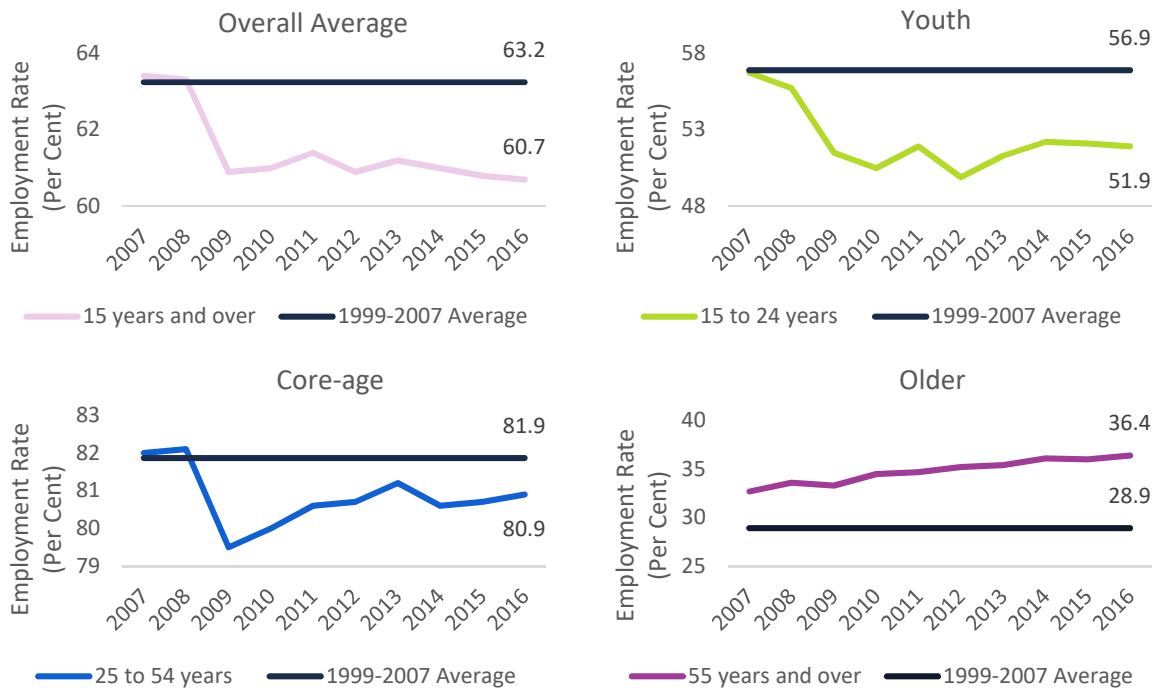
Ontario's Employment Rate Has Not Recovered

While the overall Ontario unemployment rate has improved steadily since the recession, the employment rate (the share of the adult population with a job) remains well below pre-recession levels. During the 2008-2009 recession, Ontario's employment rate dropped sharply, largely due to the significant rise in unemployment. However, as the economy has recovered, the overall employment rate has shown no sign of improvement.

Ontario's overall employment rate reflects trends in three underlying age groups: young workers (ages 15 to 24), core-age workers (ages 25 to 54) and older workers (ages 55+). Much of the decline in Ontario's employment rate can be attributed to the growing share of older workers relative to the size of the total population.⁴ However, examining the employment rates of each age group provides insight into important underlying trends.

⁴ As the population ages, older workers (who have a much lower employment rate than the overall working age population) account for a growing share of the total population and are exerting a downward pull on the overall employment rate.

Youth Employment Rate Remains Stagnant, as Core-age Rate Continues to Recover



Source: Statistics Canada and FAO

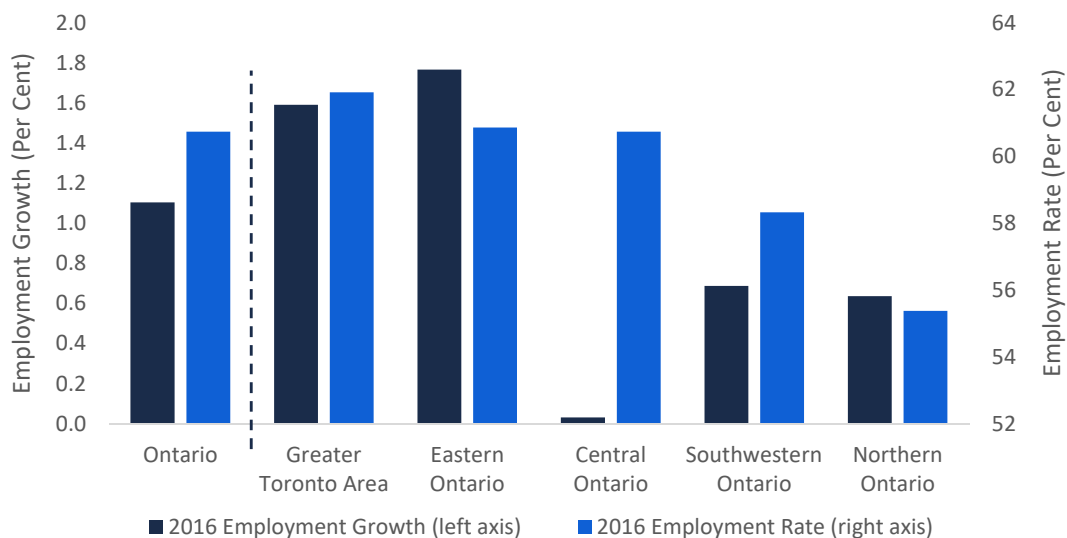
- Young workers continue to face a challenging job market as demonstrated by the lack of improvement in the youth employment rate since the recession. In 2016, the employment rate for young workers edged down to 51.9 per cent, five percentage points below the pre-recession average.
- The core-age worker employment rate has improved at a steady but moderate pace since the recession. In 2016, the core-age employment rate increased to 80.9 per cent, but remains one percentage point below the pre-recession average.
- The employment rate for older workers was largely unaffected by the recession and has been rising steadily since 1996, as older workers choose to remain in the workforce in increasing numbers.

Regional Disparities Persist

Finally, despite the solid overall provincial job gain in 2016, sharp regional disparities remain, particularly between the GTA and Northern and Southwestern Ontario.

- Employment in the GTA increased by a strong 52,800 net new jobs in 2016 (+1.6 per cent). The GTA also boasts the highest employment rate in the province at 61.9 per cent.
- Eastern Ontario also posted a strong job gain of 15,700 new jobs (+1.8 per cent) in 2016, increasing its employment rate above the provincial average to 60.9 per cent.
- Northern Ontario added 2,200 new positions (+0.6 per cent) in 2016. Despite the increase, Northern Ontario's employment rate remains the lowest in the province at 55.4 per cent.
- Southwestern Ontario added 5,300 jobs in 2016 (+0.7 per cent). The region's employment rate increased to 58.3 per cent, but remains below the provincial average.
- Central Ontario employment increased by just 500 net new jobs in 2016, while the region's employment rate slipped to 60.7 per cent.

Northern and Southwestern Ontario Employment Rates Well Below Provincial Average



Source: Statistics Canada and FAO

Nicolas Rhodes
Economist
nrhodes@fao-on.org

David West
Chief Economist
dwest@fao-on.org

Financial Accountability Office of Ontario
2 Bloor Street West, Suite 900
Toronto, Ontario M4W 3E2

Media queries, contact: Kismet Baun, 416.254.9232 or email kbaun@fao-on.org.