

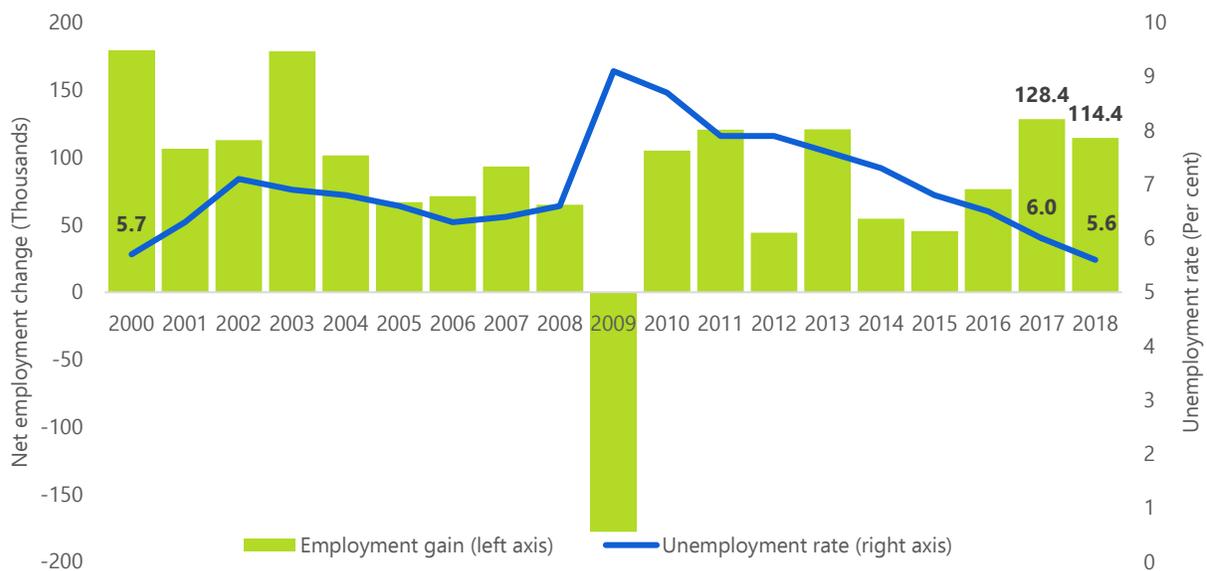
Ontario's strong labour market performance continued in 2018

Ontario's labour market performed strongly in 2018, with robust gains in full-time employment and a continued decline in the annual unemployment rate, which reached lows not seen since the late 1980s. These positive results were also accompanied by an acceleration in wage growth, especially for part-time workers, youth and women. However, beyond the headline results, Ontario's labour market continues to face important challenges, including elevated long-term unemployment, relatively high levels of precarious employment and low labour force participation rates.

Solid employment growth, led by full time gains

Ontario's economy created a solid 114,400 net new jobs in 2018¹, down slightly from 2017's gain, but well above the average of the previous five years. The strong job gains helped lower the unemployment rate to 5.6 per cent in 2018, the lowest annual rate since 1989.

Strong gains in employment and lowest rate of unemployment since 1989



Source: Statistics Canada and FAO.

Employment gains in 2018 were driven entirely by an increase in full-time jobs (130,300). Partially offsetting the full-time job gains were the loss of 15,900 part-time jobs, reversing a decade long trend of gains in part-time jobs². The share of part-time jobs to total employment declined to 18.4 per cent in 2018, below its average of 19.1 per cent over the last five years. The loss of part-time jobs was concentrated among youth and females - with youth accounting for slightly more than half of the lost part-time jobs while females accounted for over three-quarters.

¹ All labour market statistics in the commentary are reported on an annual basis from Statistics Canada's Labour Force Survey.

² The only exception during this period was in 2015 when Ontario's labour market lost 32,900 part-time positions.

Job creation was distributed evenly across the public and private sectors of the economy – with both gaining approximately 50,000 jobs. Job gains were also broadly based across goods and service producing sectors. Employment increased in the goods sector, with an addition of 12,600 jobs (+2.5 per cent) in construction and 9,400 jobs (+19.9 per cent) in utilities. The services sector also posted a solid increase with notable job gains in transportation and warehousing (37,700 jobs, +11.0 per cent) and education (24,100 jobs, +4.8 per cent).

Stronger wage growth supported by higher minimum wage in 2018

In 2018, average hourly wages (for all workers) increased by 3.5 per cent to \$27.36, the largest increase since 2008. After adjusting for the impact of price inflation, Ontario’s average hourly wage increased by 1.2 per cent in 2018, double the average annual growth rate over the last 8 years.

The robust increase in overall wages was due, in large part, to the sharp 18.1 per cent rise in Ontario’s minimum wage from \$11.85 to \$14.00 on January 1, 2018. Solid demand for workers, combined with a tighter supply of skilled workers also contributed to the strong increase in wages.

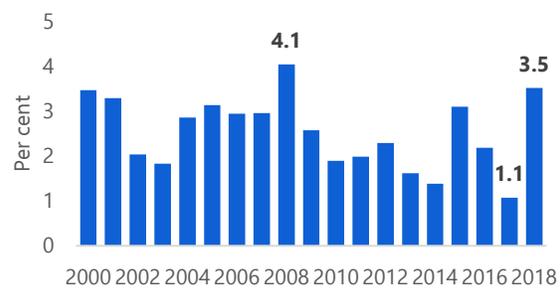
Industries with the most notable wage gains included business, building and other support services (12.1 per cent wage increase), accommodation and food services (9.9 per cent), agriculture (9.6 per cent), and forestry (7.9 per cent).

Youth (15-24 years) workers, often associated with minimum wage jobs, saw their wages increase by 10.5 per cent, compared to a year ago. Core age workers (25-54 years) posted wage gains of 3.1 per cent while the wages of older workers’ (55 years and over) increased by 2.2 per cent.

Part-time workers, who also often receive the minimum wage, experienced a strong increase of 6.4 per cent on average, while full-time workers wages increased by 2.9 per cent.

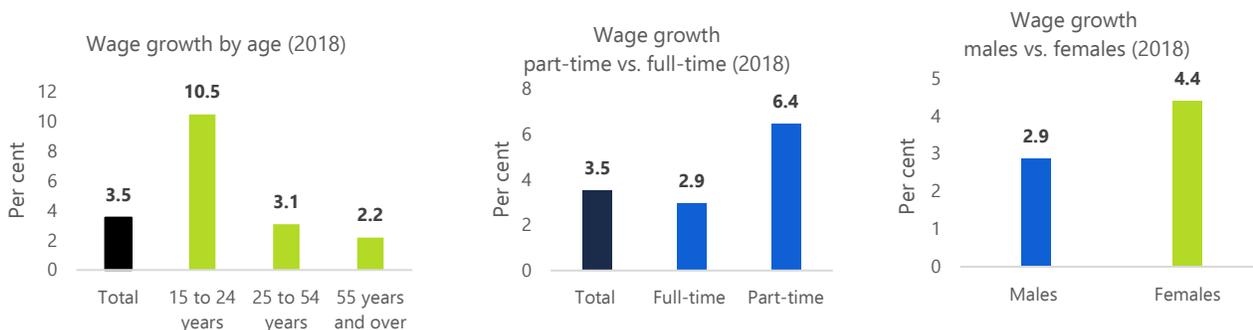
Wages for female workers increased sharply by 4.4 per cent, while wages for male workers increased by 2.9 per cent, resulting in a modest reduction in the gender pay gap (see below).

Ontario wage growth accelerated sharply in 2018



Source: Statistics Canada and FAO.

Average hourly wage growth supported by minimum wage increase



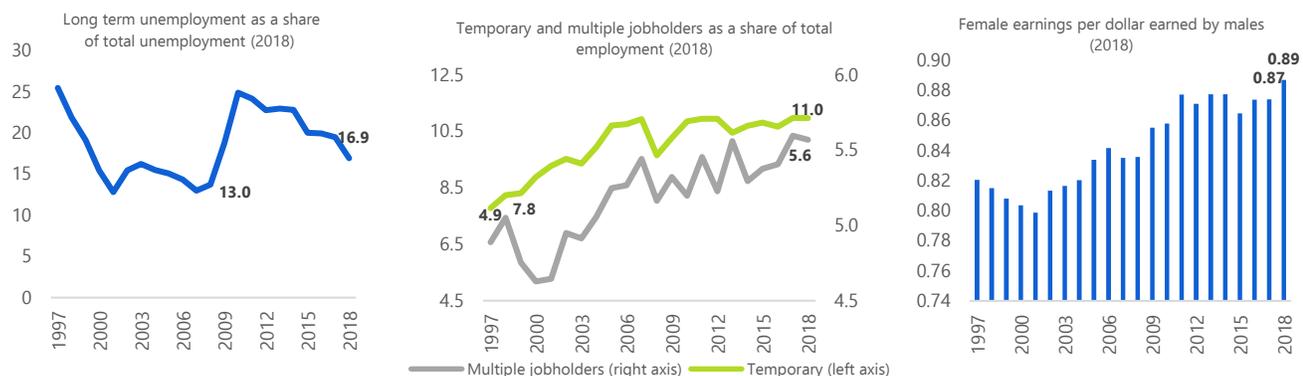
Source: Statistics Canada and FAO.

Challenges remain in Ontario's labour market

Although Ontario's labour market posted significant improvements in many headline indicators in 2018, a number of ongoing challenges remain.

- The number of Ontarians experiencing long-term unemployment³ fell to 72,800 in 2018, a sharp drop of 15,100 people from 2017. Despite this improvement, the proportion of long term unemployed (relative to all unemployed) was 16.9 per cent in 2018, above its pre-recession low of 13.0 per cent.⁴ Given Ontario's historically low unemployment rate in 2018, the relatively high level of long-term unemployment suggests that a skills mismatch between labour demand and supply continues to exist.
- Employees in temporary working arrangements or holding multiple jobs generally experience more precarious employment conditions than the average employee.⁵ Over the last 20 years, the share of Ontarians working in these non-standard arrangements has trended higher, reflecting structural changes in the Ontario economy. In 2018, the share of employees in temporary arrangements or holding multiple jobs stood at 11.0 per cent and 5.6 per cent of total employment, respectively – unchanged from 2017.
- Ontario women continue to experience a significant pay gap compared to men, earning 89 cents for every dollar a male worker received in 2018.⁶ In 2018, the gender pay gap improved by 2 cents, primarily due to a steep increase in the wages of part-time female workers.⁷ Notably, the pay gap for full-time female employees remained unchanged from 2017, at 90 cents to the dollar.

Despite improvements Ontario's labour market continues to face important challenges



Source: Statistics Canada and FAO.

³ Long-term unemployment refers to a period of unemployment exceeding six months.

⁴ In particular, older workers continue to face significant challenges finding employment. Nearly 30 per cent of unemployed workers who are 55 or over have been unemployed for longer than six months, compared to 19 per cent for core-age workers.

⁵ As discussed in the FAO's 2017 labour market commentary, temporary workers generally earn 25 per cent less than permanent workers, are generally not eligible for employment benefits and typically experience much lower job security. According to an Ontario government review of working conditions, employees working multiple jobs often do so as a result of insufficient wages from their primary job. Over 60 per cent of multiple job holders earn below the median hourly wage. See: [The Changing Workplaces Review](#) (2017), Government of Ontario.

⁶ The gender wage gap refers to the gap in the average hourly wage rate between men and women. It is calculated as the ratio of the aggregate average hourly wage rate earned by women to the aggregate average hourly wage rate earned by men.

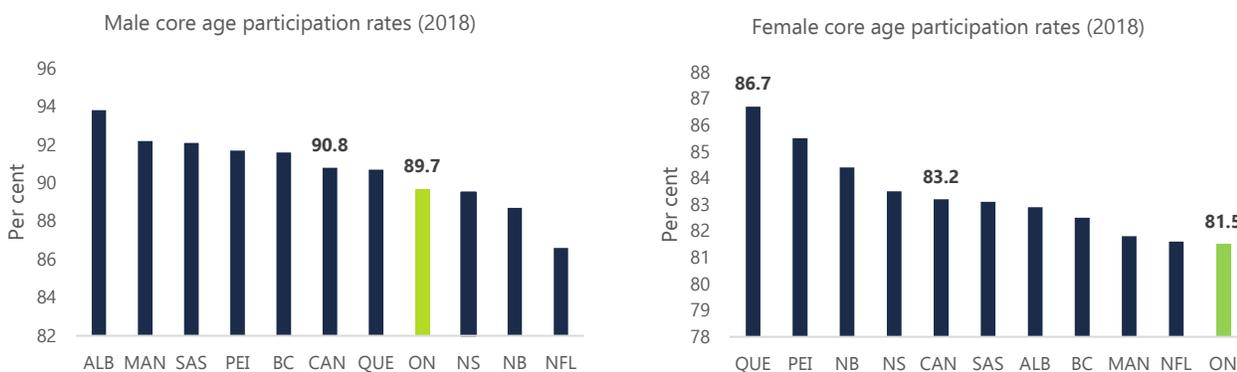
⁷ The wages for part-time female employees grew by 7.8 per cent compared to 3.9 per cent for part-time male workers. This strong increase was concentrated among adult female workers in the construction and finance industries.

Workforce participation continues to decline

Despite a relatively robust labour market – with strong employment gains and a steady decline in the unemployment rate, a smaller proportion of Ontarians are choosing to participate in the workforce. In 2018, the overall participation rate⁸ declined to 64.5 per cent from 64.9 per cent in 2017 – continuing the declining trend since the early 2000s. The steady downward trend in the overall participation rate is largely a reflection of Ontario’s aging workforce and the fact that older workers have much lower labour force participation rates.

However, the participation rates of core-age workers (ages 25 to 54) – which removes most of the effects of the aging population - still points to generally lower labour market participation rates for Ontarians. The participation rate of core-age Ontario men was 89.7 per cent in 2018, down from 90.2 per cent in 2017. This is the fourth lowest participation rate for adult men among provinces, with only Nova Scotia (89.5), New Brunswick (88.7 per cent) and Newfoundland and Labrador (86.6 per cent) posting lower male rates.

Labour force participation rates for Ontario adults among lowest in Canada



Source: Statistics Canada and FAO.

Relatively weak labour force participation is even more pronounced for adult Ontario women. In 2018, 81.5 per cent of Ontario’s core-age women were engaged in the workforce, the lowest among provinces. By comparison, the participation rate of core-age Quebec women was 86.7 per cent 2018, more than 5 percentage points higher than in Ontario.

Notably, women with young children in Ontario participate significantly less in the workforce compared to women in other provinces. Only 70.7 per cent⁹ of Ontario women with children under the age of six are in the workforce compared to 81.6 per cent in Quebec. This wide gap can largely be explained by the much more generous public support for child care provided in Quebec.¹⁰

Over the next decade, population aging will slow the growth of Ontario’s labour force, limiting the economic growth potential of the province. Encouraging and facilitating labour force participation in Ontario would improve the incomes of Ontarians and more broadly contribute to stronger economic growth.

⁸ Total labour force expressed as a percentage of the population ages 15 years and over.

⁹ Statistics Canada General Social Survey, 2011.

¹⁰ See Pierre Fortin, Quebec’s Childcare Program at 20, *Inroads*, (2018) for a review of studies analyzing the impact of child care on the female labour force.

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About the FAO

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Key labour market indicators for Ontario 2017 - 2018

	2017 Level	2017 Change	2018 Level	2018 Change
Participation rate (%)				
Total	64.9	-0.1	64.5	-0.4
15 - 24 years	60.7	0.4	60.2	-0.5
25 - 54 years	85.6	0.1	85.6	0.0
55 years & over	38.3	0.0	38.0	-0.3
Males	69.2	-0.3	68.7	-0.4
Females	64.9	-0.1	64.5	-0.5
Employment (thousands)				
Total	7,128.0	1.8	7,242.4	1.6
Full-time	5,778.7	1.9	5,909.0	2.3
Part-time	1,349.3	1.7	1,333.4	-1.2
15 - 24 years	950.0	2.6	955.7	0.6
25 - 54 years	4,648.7	1.1	4,715.2	1.4
55 years & over	1,529.4	3.7	1,571.4	2.7
Males	3,700.9	1.8	3,763.9	1.7
Females	3,427.1	1.9	3,478.5	1.5
Private sector	4,690.6	2.0	4,740.6	1.1
Public sector	1,329.1	1.7	1,376.7	3.6
Self-employed	1,108.3	1.1	1,125.1	1.5
Goods sector	1,432.6	1.0	1,453.1	1.4
Service Sector	5,695.4	2.0	5,789.2	1.6
Employment rate (%)	61.0	0.3	60.9	-0.1
Unemployment rate (%)				
Total	6.0	-0.5	5.6	-0.4
15 - 24 years	12.3	-1.7	11.9	-0.4
Males	6.2	-0.6	5.6	-0.6
Females	5.7	-0.6	5.6	-0.1
Average hourly wage (2018 dollars)				
Total	26.43	1.1	27.36	3.5
Full-time	28.28	0.9	29.11	2.9
Part-time	18.01	2.3	19.17	6.4
15 - 24 years	14.83	3.4	16.38	10.5
25 - 54 years	28.63	1.1	29.51	3.1
55 years & over	28.13	0.0	28.74	2.2
Males	28.20	1.0	29.01	2.9
Females	24.64	1.0	25.72	4.4

Source: Statistics Canada, Labour Force Survey