



## 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.

In the case of Simcoe and Muskoka, the available options are less than satisfactory. The sub-provincial geographic areas profiled for monthly Labour Force Survey data releases are either what are called economic regions or census metropolitan areas. Simcoe is attached to one economic region which includes Simcoe, Dufferin, Wellington and Waterloo, while Muskoka is combined in a different economic region with Haliburton, Kawartha Lakes, Northumberland and Peterborough. While in the case of CMAs, the only one in Simcoe and Muskoka for which there are monthly figures is the Barrie CMA. Thus, for the purposes of this report, the Barrie CMA data will be relied upon.<sup>1</sup>

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<sup>1</sup> The Barrie CMA consisted of the municipalities of Barrie, Innisfil and Springwater. In the 2016 Census, this area accounted for 41% of the employed labour force in Simcoe and Muskoka. Thus, in profiling the Barrie CMA data, we are getting only a partial picture of the impact of COVID on the labour market in Simcoe and Muskoka.

As a further benchmark, two other areas will be profiled: the Toronto CMA, which is relevant because some Simcoe residents work in the Toronto CMA (and a small proportion live in the Toronto CMA),<sup>2</sup> and Ontario minus the Toronto CMA (which will be called “Rest of Ontario”). In terms of Ontario’s labour market composition, the Toronto CMA is distinct, with a far higher number of residents who work in jobs which usually require a university degree. In many respects, the area covering Simcoe and Muskoka has a labour market pattern which is more similar to the Rest of Ontario as opposed to the Toronto CMA.

## 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 the Barrie CMA. These figures are also illustrated in Chart 1.

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.

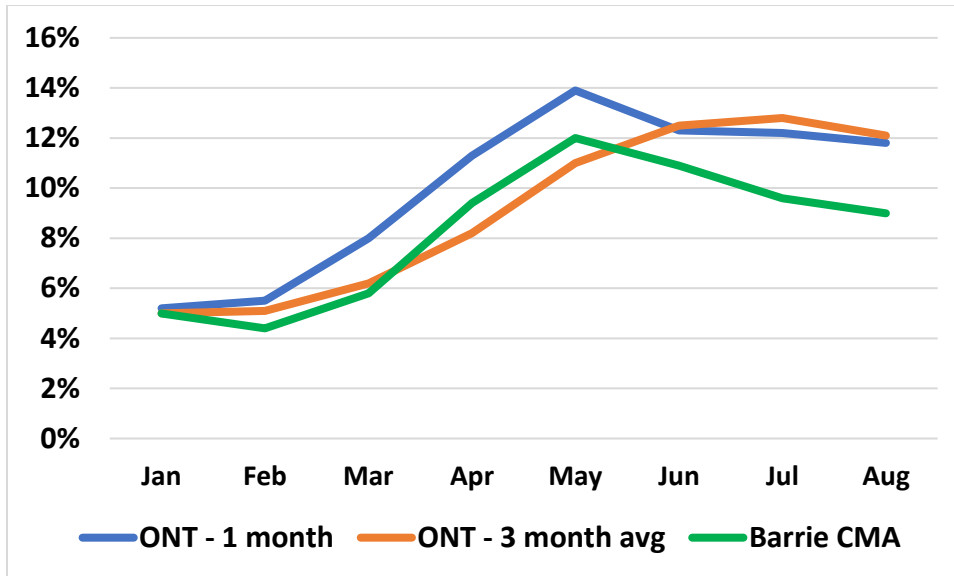
**Table 1: Unemployment rate, Ontario monthly, Ontario 3-month moving average, Barrie CMA 3-month moving average, January to August 2020**

	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%
Barrie CMA 3-month Average	5.0%	4.4%	5.8%	9.4%	12.0%	10.9%	9.6%	9.0%

Statistics Canada, Table 14-10-0022-01, Table 14-10-0293-01 and Table 14-10-0095-01

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

<sup>2</sup> The Toronto CMA encompasses the City of Toronto, York Region, Peel Region, all of Halton Region except Burlington, a portion of Durham Region (Pickering, Ajax and Uxbridge), together with New Tecumseth and Bradford West Gwillimbury (Simcoe County) and Mono (Dufferin County).



Statistics Canada, Table 14-10-0022-01, Table 14-10-0293-01 and Table 14-10-0095-01

The three-month moving average for the Barrie CMA rose higher than the figure for Ontario starting in April and peaked earlier, at 12.0% in May. Given how a three-month moving average flattens a peak, one can assume that the one-month unemployment rate in May for the Barrie CMA may have been higher than 12.0%.<sup>3</sup> Since then, the rate has fallen and in both July and August was three percentage points below that for Ontario.

The three-month moving average for Ontario blurs the fact that there are distinct differences between how the pandemic impacted the Toronto CMA and the rest of the province. To highlight this difference, Table 2 provides the three-month moving average unemployment rate for the Barrie CMA, the Toronto CMA and the Rest of Ontario (minus the Toronto CMA). This same data is illustrated in Chart 2.

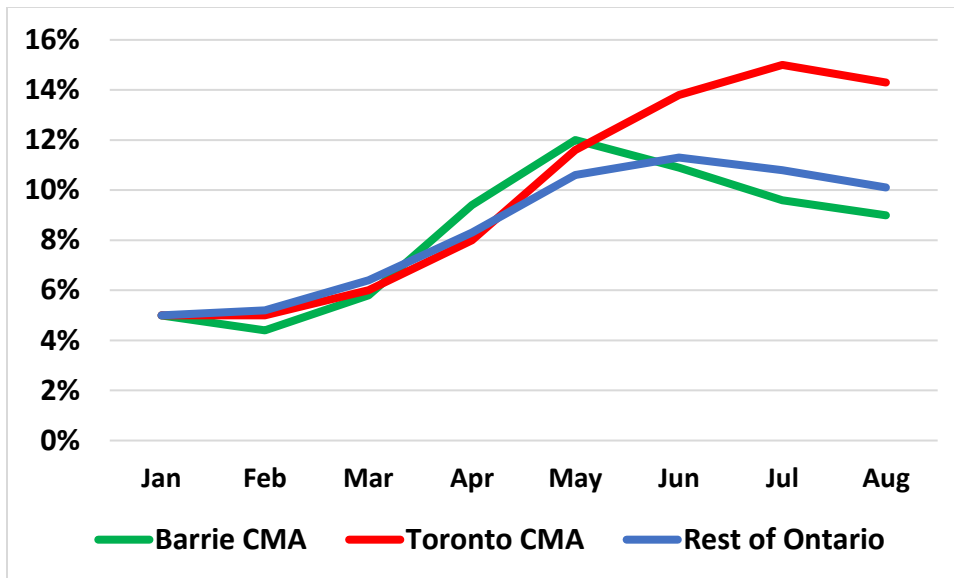
**Table 2: Unemployment rate, three-month moving average, Barrie CMA, Toronto CMA and the rest of Ontario, January to August 2020**

	Jan	Feb	Mar	Apr	May	June	July	Aug
Barrie CMA	5.0%	4.4%	5.8%	9.4%	12.0%	10.9%	9.6%	9.0%
Toronto CMA	5.0%	5.0%	6.0%	8.0%	11.6%	13.8%	15.0%	14.3%
Rest of Ontario	5.2%	5.5%	6.7%	8.7%	11.1%	11.6%	10.9%	10.1%

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

**Chart 2: Unemployment rate, three-month moving average, Barrie CMA, Toronto CMA and the rest of Ontario, January to August 2020**

<sup>3</sup> Publicly-accessible unemployment rates for the Barrie CMA are only available since March 2001. Since that time, the three-month moving average has breached the 10% eleven times, apart from May and June of this year.



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

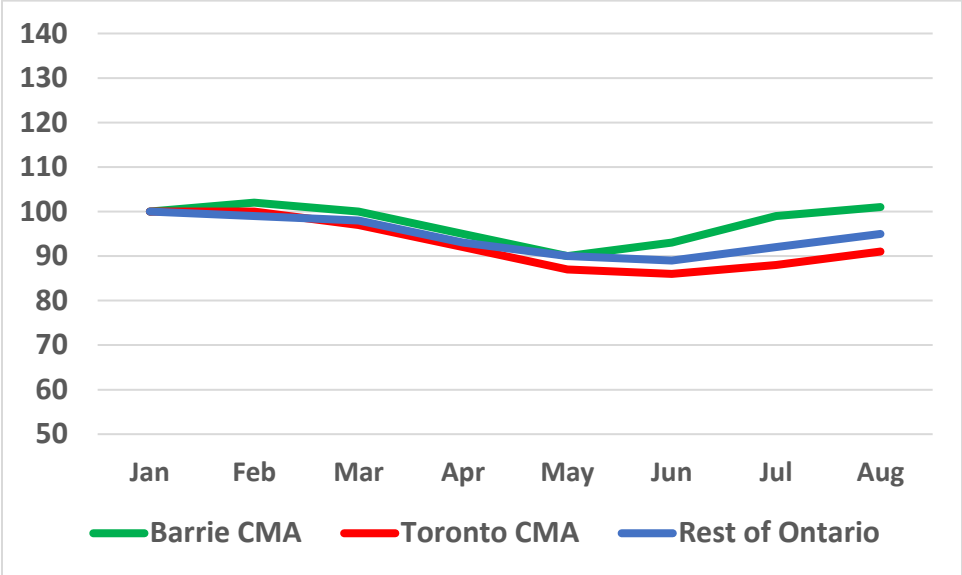
The three-month moving average unemployment rate for the Toronto CMA was below that of the rest of Ontario, then lunged ahead and opened up a four-percentage point gap in July and August. In the first months of the pandemic, the Barrie CMA rate followed that of the Toronto CMA up until May, afterwards dropping off while the Toronto CMA rate continued to rise. The Barrie CMA rate has been below that of the rest of Ontario through June, July and August.

## MEASURING THE IMPACT: EMPLOYMENT BY INDUSTRY

This section will present the trends relating to employment by industry, highlighting the data for the Barrie CMA, the Toronto CMA and the Rest of Ontario (Ontario minus the Toronto CMA). 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. It also bears repeating that the data for the rest of Ontario has typically better reflected the labour market dynamic for Simcoe and Muskoka, although the southern parts of Simcoe, from where a portion of residents have commuted to Toronto for work, may find the Toronto CMA trends more reflective of their experience. 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.

The Barrie CMA data is only partially representative of the Simcoe and Muskoka area and it is a smaller labour force size, and so only the largest industries will be profiled. Firstly, 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: Total number of employed, three-month moving average, Barrie CMA, Toronto CMA and Rest of Ontario, January to August 2020**

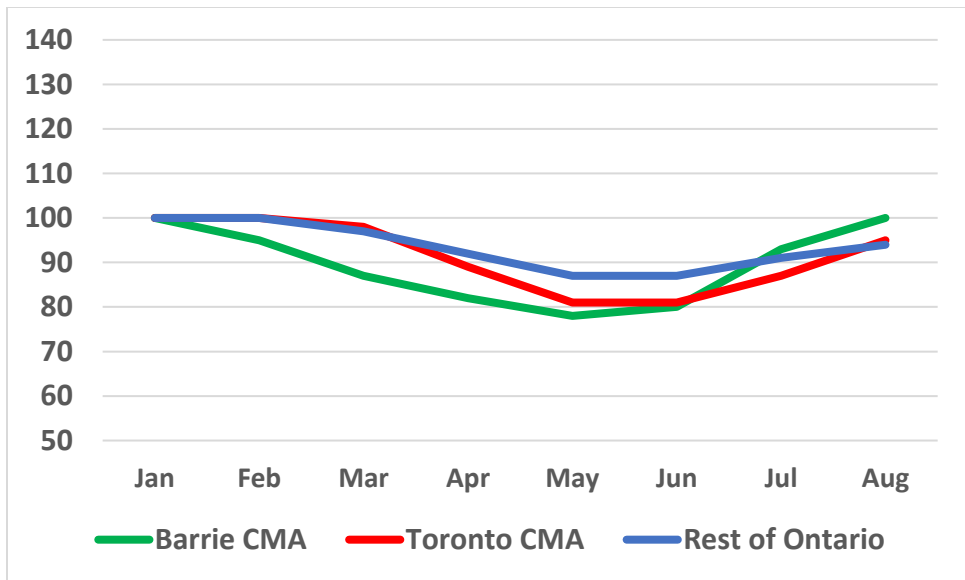


Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

Overall, the employment data (Chart 3) tells a similar story to the unemployment rate data (Chart 2): all three areas experienced employment losses, with the Barrie CMA bottoming out in May while the Toronto CMA and the rest of Ontario bottomed out in June. By August, the Barrie CMA had returned to the level of employment it had experienced in January; the rest of Ontario was around 5% below its January employment and the Toronto CMA was 9% below.

The next charts illustrate employment trends for specific industries. Chart 4 shows the trend for the Wholesale and Retail Trade sector, the largest industry across Simcoe and Muskoka. The data suggests that the Barrie CMA suffered employment losses which were equivalent to those experienced in the Toronto CMA and notably more so than the rest of Ontario, but that since the low point in May (when employment was 22% below that of January), the sector has returned to its January employment levels in the Barrie CMA, whereas the Toronto CMA and the rest of Ontario are still lagging somewhat behind.

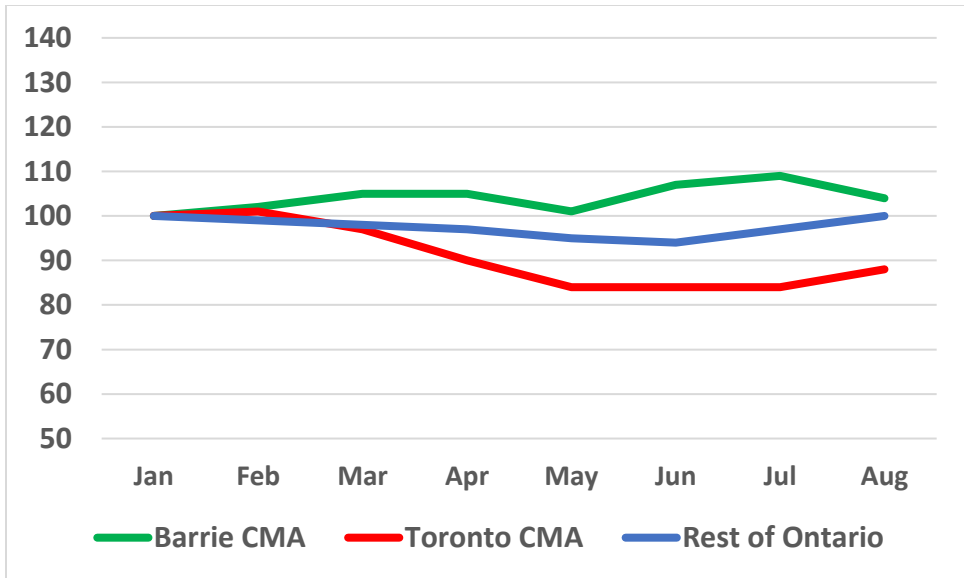
**Chart 4: Number of employed, three-month moving average, Wholesale and Retail Trade industry, Barrie CMA, Toronto CMA and Rest of Ontario, January to August 2020**



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

Chart 5 profiles the data for the Health Care and Social Assistance sector (the second largest industry across Simcoe and Muskoka), showing three different trends for the three areas: the Barrie CMA appears not only to have maintained employment in this sector but to have increased employment through the pandemic period; the Toronto CMA, meanwhile, saw a considerable employment drop, which has only partially recovered, while the rest of Ontario had a much smaller decline in employment and by August had returned to the January employment level.

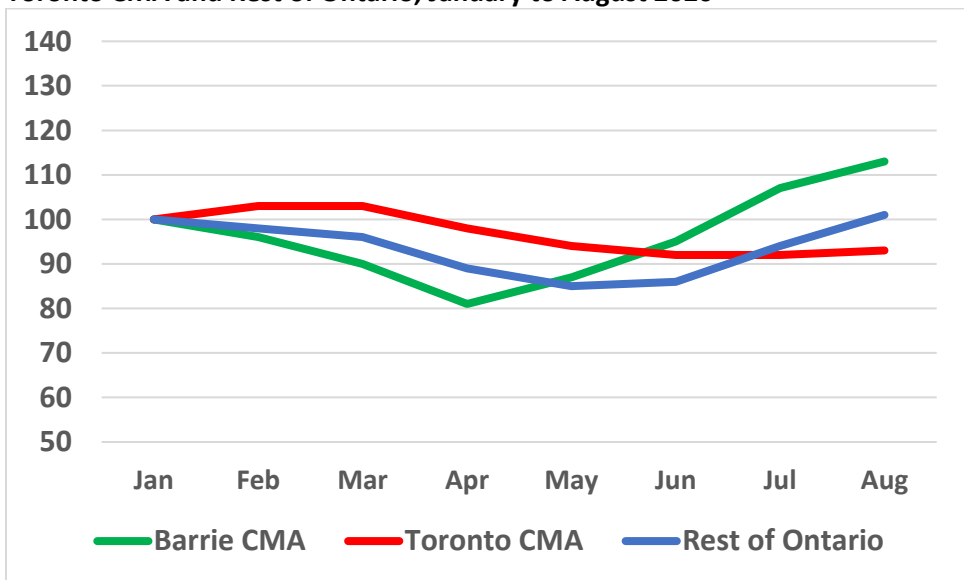
**Chart 5: Number of employed, three-month moving average, Health Care and Social Assistance industry, Barrie CMA, Toronto CMA and Rest of Ontario, January to August 2020**



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

Chart 6 presents the employment trends for the Manufacturing sector (third largest industry in Simcoe and Muskoka, with a larger proportionate footprint in Simcoe). The Barrie CMA appeared to have experienced the largest proportionate drop in employment (19% decline from January), but it bottomed out sooner (April) and has since registered the greatest employment gains, surpassing its January employment level already by June. Manufacturing employment in the Toronto CMA, on the other hand, has stagnated at around 7%-8% below its January job numbers.

**Chart 6: Number of employed, three-month moving average, Manufacturing industry, Barrie CMA, Toronto CMA and Rest of Ontario, January to August 2020**

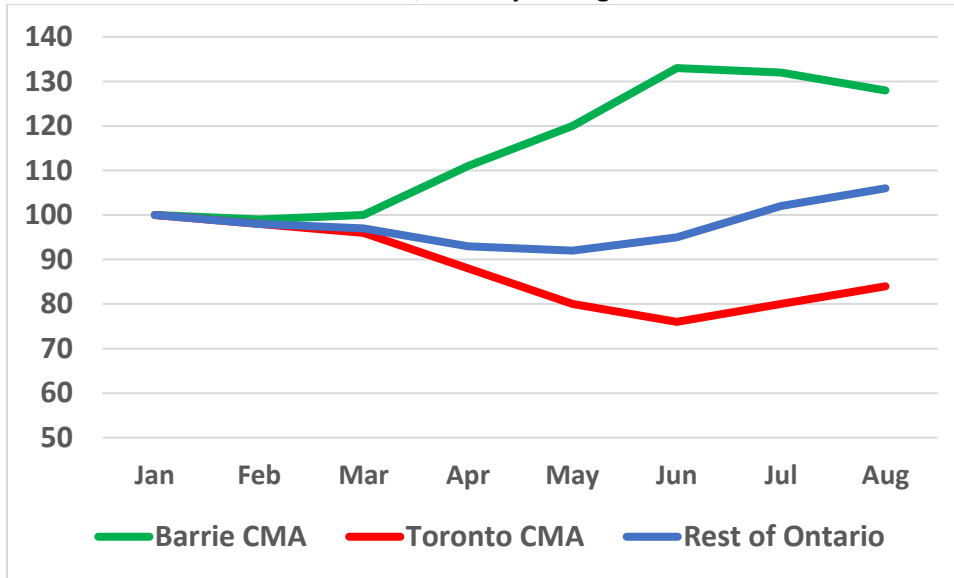


Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

Chart 7 profiles the figures for the Construction sector (the fourth largest industry in Simcoe and Muskoka, with a larger proportionate footprint in Muskoka). As we start getting to industries which have

a smaller size in Barrie, the divergence grows between the Barrie figures and those of the Toronto CMA and the rest of Ontario. While the employment numbers for the rest of Ontario dropped somewhat (the low point was a drop of 8%), they recovered and surpassed their January level, a trajectory one would expect, as construction activity grows during the summer. For the Barrie CMA, the employment growth is quite significant, something which warrants confirmation by consulting with key informants for this sector. The Toronto CMA, meanwhile, had a considerable drop in employment and its August employment numbers were still 16% below their January level.

**Chart 7: Number of employed, three-month moving average, Construction industry, Barrie CMA, Toronto CMA and Rest of Ontario, January to August 2020**

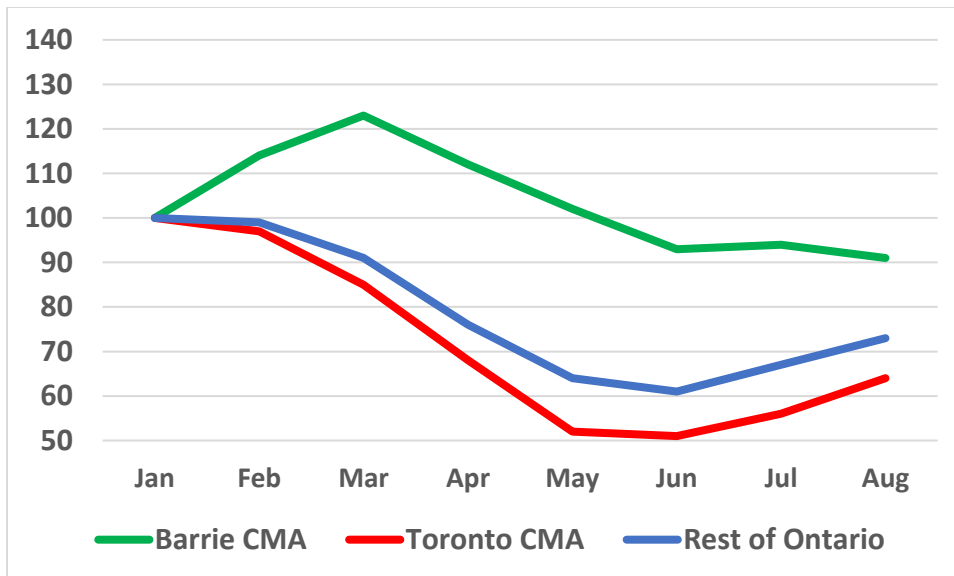


Statistics Canada, Table 14-10-0091-01 and Table 14-10-0097-01

As one moves to the fifth largest sector in Simcoe and Muskoka, we may be reaching the limit of our reliance on a smaller sample size. As is well known, the Accommodation and Food Services sector suffered more than any other industry as a result of the pandemic. Chart 8 shows a drop by June of almost 50% in employment from the January figure in the Toronto CMA, and a drop of almost 40% in the rest of Ontario. That the data for the Barrie CMA indicates a drop in employment of only 7% seems quite unlikely.

**Chart 8: Number of employed, three-month moving average, Accommodation and Food Services industry, Barrie CMA, Toronto CMA 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):

- In the first months of the pandemic, the Barrie CMA unemployment rate followed that of the Toronto CMA up until May, afterwards dropping off while the Toronto CMA rate continued to rise; the Barrie CMA rate has been below that of the rest of Ontario through June, July and August;
- The number of employed residents living in the Barrie CMA dropped in April and bottomed out in May while the employment levels for the Toronto CMA and the rest of Ontario bottomed out in June; by August, the Barrie CMA had returned to the level of employment it had experienced in January; the rest of Ontario was around 5% below its January employment and the Toronto CMA was 9% below;
- The data suggests that in the case of the Wholesale and Retail Trade sector the Barrie CMA suffered employment losses which were equivalent to those experienced in the Toronto CMA and notably more so than the rest of Ontario, but that since the low point in May (when employment was 22% below that of January), the sector has returned to its January employment levels in the Barrie CMA, whereas the Toronto CMA and the rest of Ontario are still lagging somewhat behind;
- In the case of the Health Care and Social Assistance industry, the Barrie CMA appears not only to have maintained employment in this sector but to have increased employment through the pandemic period; the Toronto CMA, meanwhile, saw a considerable employment drop, which has only partially recovered, while the rest of Ontario had a much smaller decline in employment and by August had returned to the January employment level;
- In the case of Manufacturing, the Barrie CMA appeared to have experienced the largest proportionate drop in employment (19% decline from January) compared to the Toronto CMA and the rest of Ontario, but it bottomed out sooner (April) and has since registered the greatest employment gains, surpassing its January employment level already by June; Manufacturing

employment in the Toronto CMA, on the other hand, has stagnated at around 7%-8% below its January job numbers;

- Beyond that, the industry employment data may be less reliable, as the sample size shrinks with smaller employment numbers;
- In all instances, the local data should be verified by what local experience is conveying regarding employment levels.