



A Different Ontario

Income & Employment

A Decade of Change

BY ANDREW PARKIN

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ONTARIO'S VOICE ON PUBLIC POLICY

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Author

ANDREW PARKIN

Director, Mowat Centre

Andrew Parkin is the Director of the Mowat Centre. Andrew has previously held a variety of positions including Director General of the Council of Ministers of Education Canada (CMEC), Associate Executive Director and Director of Research and Program Development at the Canada Millennium Scholarship Foundation, and Co-Director of the Centre for Research and Information on Canada.



This report is part of the series *A Different Ontario: What the Census tells us about how Ontario is changing*. The series examines the most important results of the 2016 census, from an Ontario perspective. All of the data reported here has been obtained from the census data and highlight tables, available from [Statistics Canada](#) and from similar tables for previous censuses. Key charts are included in each report, with supplementary charts to be made available on the Mowat Centre website.

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439 UNIVERSITY AVENUE
SUITE 2200, TORONTO, ON
M5G 1Y8 CANADA

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1 Introduction

Ontario is changing in important ways that matter for public policy. *A Different Ontario: What the Census tells us about how Ontario is changing*, a new series of reports from the Mowat Centre, takes a close look at data from the 2016 census to chart the most important trends and to discuss their implications for policymakers.

Census 2016 covers a lot of ground, including population growth, employment and income, education, housing, ethnicity, language and immigration status, and much more. Many of the main findings, such as those related to aging or diversity, have been widely reported.

But a closer look at the data reveals both trends that have been overlooked, and important nuances. As we note in this report, for example, national trends related to income and employment tend to mask the extent of the difficulties experienced in Ontario. Median household total income in Ontario grew by 3.8 per cent in real terms between 2005 and 2015 – the lowest growth among all the provinces. In terms of median employment income for individuals, notable declines occurred in a number of mid-sized cities in southwestern Ontario and in an arc surrounding the Greater Toronto Area. Younger adults in Ontario also fared far worse in terms of employment income in the decade between 2005 and 2015 than did their older counterparts. At the same time, while Ontario experienced an overall growth in total employment over the decade preceding the census, there was a sharp decline of over 200,000 jobs in manufacturing.

The census findings highlighted in this report underline a number of policy priorities, including promoting access to trades and apprenticeship training, college or university; providing effective skills training to adults who have already entered the workforce (particularly those who may be employed in industries such as manufacturing where employment numbers are falling); and implementing a regional economic development strategy that ensures new jobs are also created in the province's smaller cities and regions.

2 Employment Income: A Tough Decade for Ontario

Ontario, comparatively speaking, is a wealthy province. The median household total income in Ontario in 2015 was \$74,287 -- the third highest among all provinces and higher than the median total income of Canadians as a whole (\$70,336).

That said, there is no escaping the fact that the decade leading up to the last census -- marked as it was by the intervening recession of 2008 -- was a tough one for Ontario.

Median household total income in Ontario grew by 3.8 per cent in real terms between 2005 and 2015¹ -- the lowest growth among all the provinces. Incomes in Quebec, the province with the next slowest income growth, still grew at more than twice the rate as in Ontario (8.9 per cent); in the western provinces, incomes grew at between three and six times the rate as in Ontario.

Income growth in Ontario was not spread evenly across the population. The story the 2016 census tells is not simply one of the impact of the last recession, but more specifically that of how the last recession, and the changing nature of the economy more generally, have affected Ontarians from different backgrounds.

The remainder of this report will focus on the changing dynamics of the labour market, and will concentrate primarily on employment income.²

Gender

The experience of men and women in Ontario has been very different. Looking at individuals (as opposed to households), women in Ontario experienced real growth in employment income (4.6 per cent), in total income (i.e. income from all sources) (11.7 per cent), and in after-tax income (11.2 per cent). Men in Ontario experienced drops in all three income categories, including a 6.7 per cent drop in employment income. Men still have higher incomes than women, but the gap is narrowing: women's median total income as a per cent of men's rose from 62.8 per cent in 2005 to 71.9 per cent in 2015.

¹ The census reports on income received in the calendar year prior to the census year.

² For complete definitions of the different income categories used in the census (employment income, total income, after-tax income, etc.), see <https://www12.statcan.gc.ca/census-recensement/2016/ref/guides/004/98-500-x2016004-eng.cfm>.

Region

Men in certain areas of the province were particularly hard hit by the recession. In seven of Ontario's 16 census metropolitan areas (CMAs) – basically a series of mid-sized cities in southwest Ontario and in a central arc surrounding the Greater Toronto Area – the median employment income for men fell by over 10 per cent in real terms. These include Windsor, where the drop was steepest at 25 per cent, as well as St. Catharines-Niagara (-13.9 per cent), Oshawa (-13.5 per cent), Peterborough (-13.5 per cent), Hamilton (-10.8 per cent), London (-10.8 per cent) and Barrie (-10.7 per cent).

Employment income for men fell by a lesser amount – between five and ten per cent – in CMAs including Guelph, Thunder Bay, Toronto, Kitchener-Cambridge-Waterloo, Brantford and Kingston. Men's median employment income fell by less than five per cent in Belleville and Ottawa, and grew slightly in Greater Sudbury.

FIGURE 1

Real change in median income of income recipients (%), by income type – Ontario CMAs

	Men			Women		
	Total	After-Tax	Emp	Total	After-Tax	Emp
Windsor	-8.9	-5.6	-25.0	8.6	8.3	-1.5
St. Catharines - Niagara	-5.4	-2.5	-13.9	10.3	9.0	3.8
Oshawa	-7.3	-4.1	-13.5	8.5	9.3	2.3
Peterborough	-2.0	0.4	-13.5	17.4	15.4	10.8
Hamilton	-3.6	-0.5	-10.8	15.8	14.7	7.4
London	-6.2	-3.7	-10.8	11.0	10.6	6.2
Barrie	-7.8	-3.8	-10.7	13.7	13.3	7.8
Ontario average	-2.4	-0.1	-6.7	11.7	11.2	4.6
Guelph	-4.2	-1.5	-6.6	13.9	14.0	7.6
Thunder Bay	1.7	4.0	-6.4	21.9	19.7	13.1
Toronto	-4.7	-2.6	-6.3	6.4	6.8	0.0
Kitchener - Cambridge - Waterloo	-4.8	-1.7	-6.1	11.0	11.1	8.9
Brantford	-2.1	-0.2	-6.0	12.0	11.2	5.6
Kingston	2.4	4.5	-5.0	17.3	15.3	5.6
Belleville	-1.4	0.8	-3.4	13.5	11.8	11.6
Ottawa - Gatineau (Ontario part)*	2.2	4.2	-2.0	13.5	13.2	4.5
Greater Sudbury	7.1	9.4	3.2	26.9	22.4	24.5

Source: Census 2016, Highlight Tables (Income) and author's calculations.

Men's after-tax income also fell in more than half of the province's CMAs. In the case of women, employment income grew in all but one CMA (Windsor), while after-tax income grew in each CMA, with increases in real terms ranging between 6.8 and 22.4 per cent.

Age

Younger adults in Ontario fared far worse in the decade between 2005 and 2015 than did their older counterparts. Both the median total income and median employment income of those between the ages of 25 and 34 was actually lower in 2015 than it was in 2005, whereas incomes rose for older age groups.³ Essentially, this means that many young adults transitioning from education to work are starting their careers with lower pay than was the case ten years ago.

The picture is further refined by looking at age and gender together. The median incomes of younger men (age 25 to 34) fell the sharpest in real terms between 2005 and 2015 – in the case of employment income, the drop was 7.5 per cent. Men in older age groups more or less experienced very little change in income. Women in the younger age group experienced a marginal drop in employment income (-0.2 per cent) but an increase in after-tax income (+6.8 per cent). Median incomes for women in older age groups rose significantly.

Again, there is variation across communities: employment income for young men in Windsor, for instance, fell by 25.4 per cent, over three times the provincial average for that group. Employment income for men in this age group also fell by over 10 per cent in real terms in other southwest Ontario communities such as Leamington, Chatham-Kent, Stratford and London, as well as in some communities to the north of Toronto (Midland, Barrie, Orillia) and some to the east (Brockville, Oshawa, Port Hope, Cobourg).

The story the 2016 census tells is not simply one of the impact of the last recession, but more specifically that of how the last recession, and the changing nature of the economy more generally, have affected Ontarians from different backgrounds.

³ Note the data are not longitudinal; the census provides snapshots of separate age cohorts at different points in time, rather than tracking the same cohort across different time periods. The data do not mean that individuals in the 25 to 34 year-old age group necessarily lost income – as many of them aged, their individual incomes likely increased. But compared with the previous cohort of 25 to 34 year-olds in 2005, the current cohort of 25 to 34 year-olds in 2015 had on average lower median total and employment incomes.

FIGURE 2A

Real change in income between 2005 and 2015, Ontario, by age group

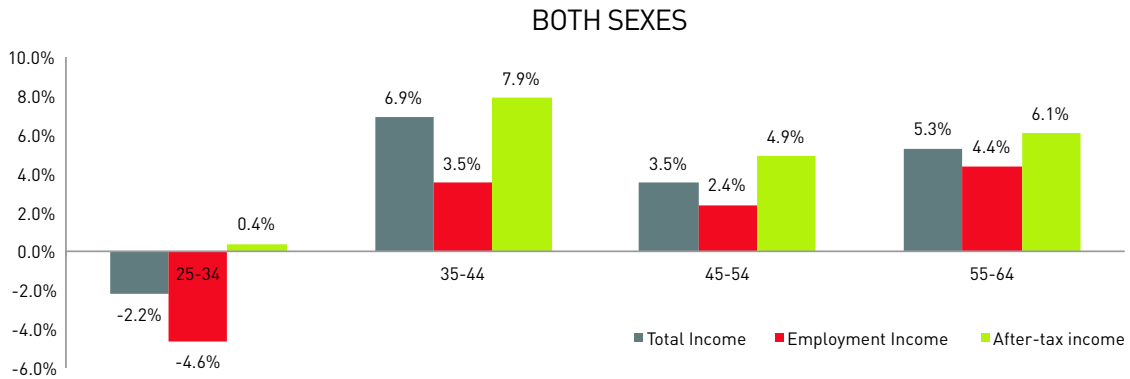
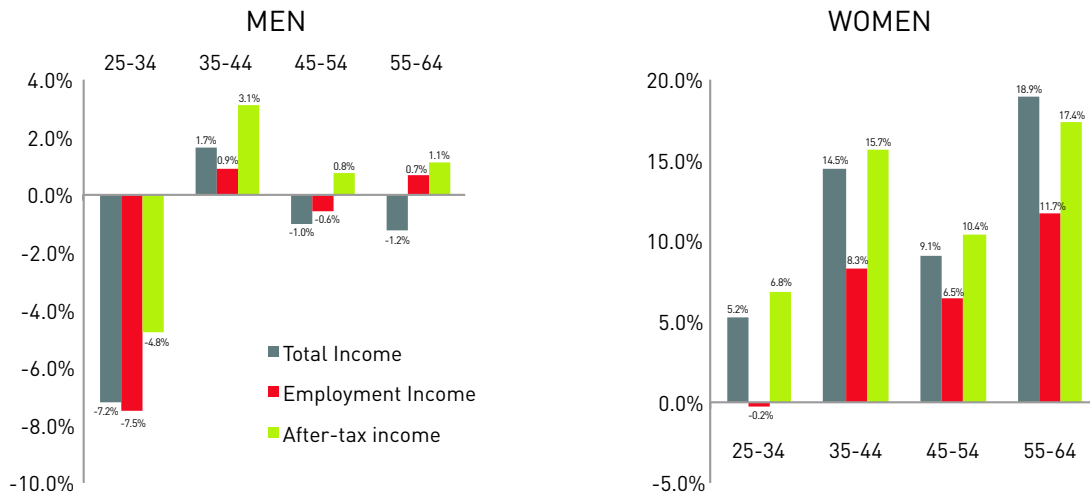


FIGURE 2B



Source: Census 2016 Data Table #24 (Income) and author's calculations.

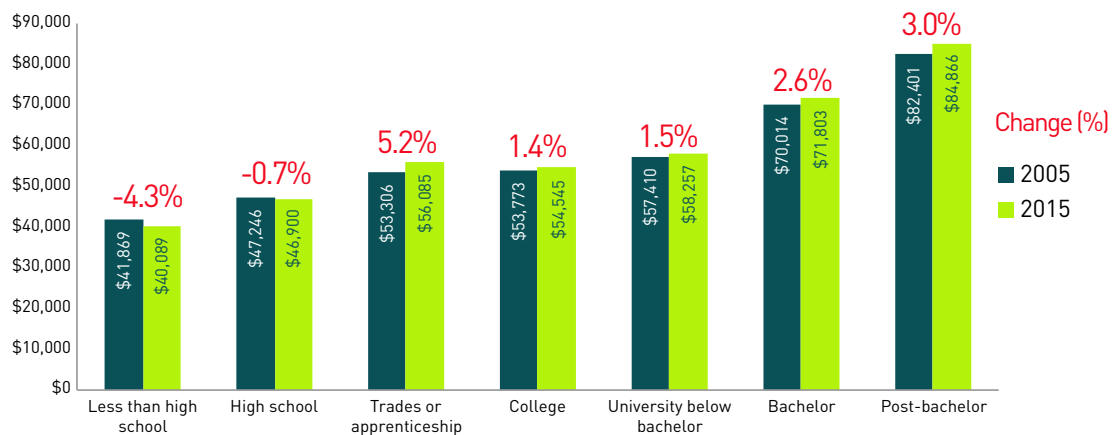
Education

It is well established that earnings rise with educational attainment. The census shows that this earnings advantage is still growing. The gap between the median employment income of those with and those without a postsecondary education was slightly larger after the recession than before – the median income of those without a postsecondary education was slightly lower in 2015 than in 2005, whereas that of those with a college diploma or university degree was slightly higher (among those aged 25 to 64 employed on a full-year, full-time basis).

Again, the situation is somewhat different for younger adults than for their older counterparts. Among those between the age of 25 and 34, median employment income was lower in 2015 than a decade earlier even for those with a college diploma or a university degree (employed on a full-year, full-time basis). Importantly, however, the drop in employment income was even steeper for those young adults who did not continue their education past high school. In the case of men in this age group, median employment income fell by 8.5 per cent for those without a high school diploma, and by 6.6 per cent for those with only a high school diploma, compared with decreases of only three per cent for those with an undergraduate degree and 2.7 per cent for those with a college diploma. Notably, employment income for this group (men between the ages of 25 and 34 employed on a full-year, full-time basis) increased by nine per cent for those with a trades or apprenticeship certificate.

FIGURE 3

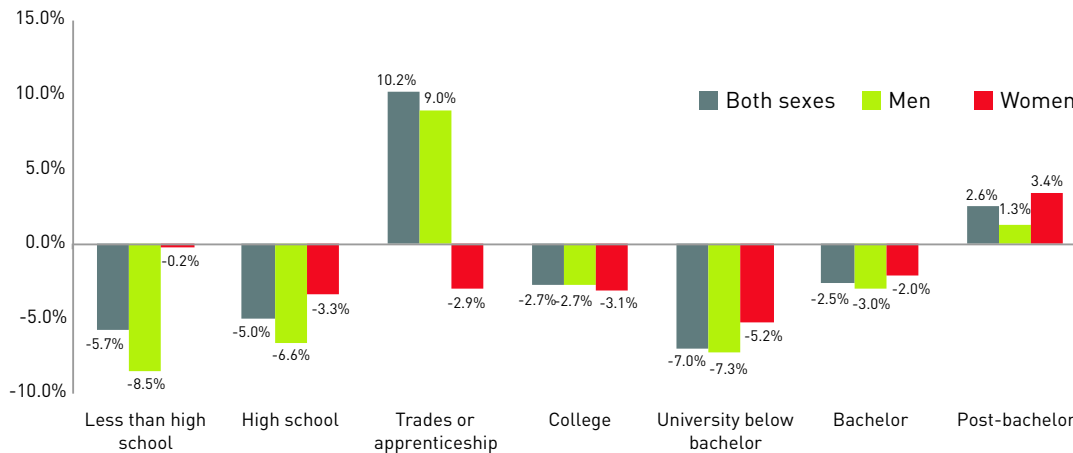
Median employment income, for full-year, full-time earners by education, both sexes, age 25 to 64, Ontario (in 2015 constant dollars)



Sources: Census 2016 Data Table #13 (Education) and author's calculations. Census 2006: <https://www12.statcan.gc.ca/census-recensement/2006/dp-pd/hlt/97-563/Index-eng.cfm>. Calculations in constant dollars using CPI figures from Statistics Canada.

FIGURE 4

Real change from 2005 to 2015 in median employment income, for full-year, full-time earners by education, age 25 to 34, Ontario



Sources: Census 2016 Data Table #13 (Education) and author's calculations. Census 2006: <https://www12.statcan.gc.ca/census-recensement/2006/dp-pd/hlt/97-563/Index-eng.cfm>. Calculations in constant dollars using CPI figures from Statistics Canada.

Immigrant status and visible minorities

Overall, the employment income of immigrants relative to non-immigrants did not change significantly between 2005 and 2015. Employment income fell slightly in real terms for both immigrants (-2.5 per cent) and non-immigrants (-1.0 per cent). For both groups, this overall decline is the product of a steeper decline for men and a modest increase for women.

The category of “immigrant,” however, is notably diverse, combining as it does immigrants of different ages and from different countries of origins who arrived in Canada at different periods of time. Figures covering all immigrants therefore incorporate a wide range of experiences. Immigrants who arrived in the decade between 1981 and 1990, for instance, experienced a healthy real increase in employment income between 2005 and 2015 of 14.2 per cent.

It is, of course, impossible to track the earnings of the most recent arrivals to Canada in the same way – since by definition, new arrivals were not in the country ten years ago. The situation of the newest arrivals in 2016, however, can be compared with that of those who arrived in the years just before the 2006 census. According to the 2016 census, immigrants who arrived between 2011 and 2014 earned 62 per cent of the median

employment earnings of non-immigrants; this is slightly higher than the 59.9 per cent figure that applies to immigrants arriving in between 2001 and 2004, as reported in the 2006 census.⁴

The category of “visible minority” is also one that encapsulates the experiences of very different populations, including those who identify as South Asian, Chinese, Black, Filipino, Latin American, Arab, Southeast Asian, West Asian, Korean and Japanese. Overall, the median employment incomes of those who identify as a visible minority and those who do not were both more or less unchanged in real terms between 2005 and 2015 – falling by 0.4 per cent for visible minorities and rising by 0.2 per cent for non-visible minorities (this means that the income gap between the two groups remained almost unchanged, with the median employment income of visible minorities remaining at about four-fifths of that of other Ontarians). But among visible minorities, the employment income of some groups increased, while that of others – most notably of Blacks (-9.6 per cent) and Filipinos (-6.3 per cent) – decreased.⁵

Further analysis is required to unpack the reasons behind these differences; the census is not longitudinal (tracking the same individuals over time), but provides snapshots at different points in time. Over time, the composition of each visible minority group (as well as the non-visible minority comparison group) changes, with some groups becoming younger on average or composed of a greater share of recent immigrants, while others become older on average or composed of a greater share of second generation Canadians.

Beyond these composition effects, however, lie differences in experiences in Canadian society, illustrated by the difference in the employment incomes within visible minority groups of those who are immigrants (first generation) and those who are Canadian-born children of immigrants (second generation). For some visible minority groups, such as those identifying as Chinese, the second generation earns significantly more than the first generation, capturing the archetypal immigrant success story. For others, such as Blacks and Latin Americans, the second generation earns less, suggesting the presence of barriers to full participation in the Canadian economy.

4 Note however that the profile of the two groups of recent immigrants may differ, due to factors such as shifts in immigration selection criteria and practices over time.

5 The median employment income of the Japanese groups within the visible minority groups decreased by 12 per cent in real terms between 2005 and 2015; however, in 2015 this group still had the highest employment income of all visible minority groups. The fall in income is likely the result of the aging out of the labour market of an older cohort of Japanese Canadians with very high earnings.

Census 2016

Income and Employment Trends in Ontario

Men

Women

Income

Average household income:

\$74,287

Men's employment income:

↓ 6.7%

Women's employment income:

↑ 4.6%

Employment income by education type:



Less than high school education

↓ 4.3%



Trades & Apprenticeships

↑ 5.2%



Post-bachelor

↑ 3%

Change in real terms 2005-15

Change in real terms 2005-15

Job Status

Men:

↓ 7.3

percentage points

Proportion employed full-time, full-year, age 25-54,



All Ontarians:



5.1 percentage points

Women:

↓ 3.0

percentage points

2005-15

2005-15

Employment by Industry

Men in manufacturing:

↓ 145,655



Healthcare & Social Assistance Jobs:



142,810



Manufacturing Jobs:



216,340

Women in manufacturing:

↓ 70,680

2006-16

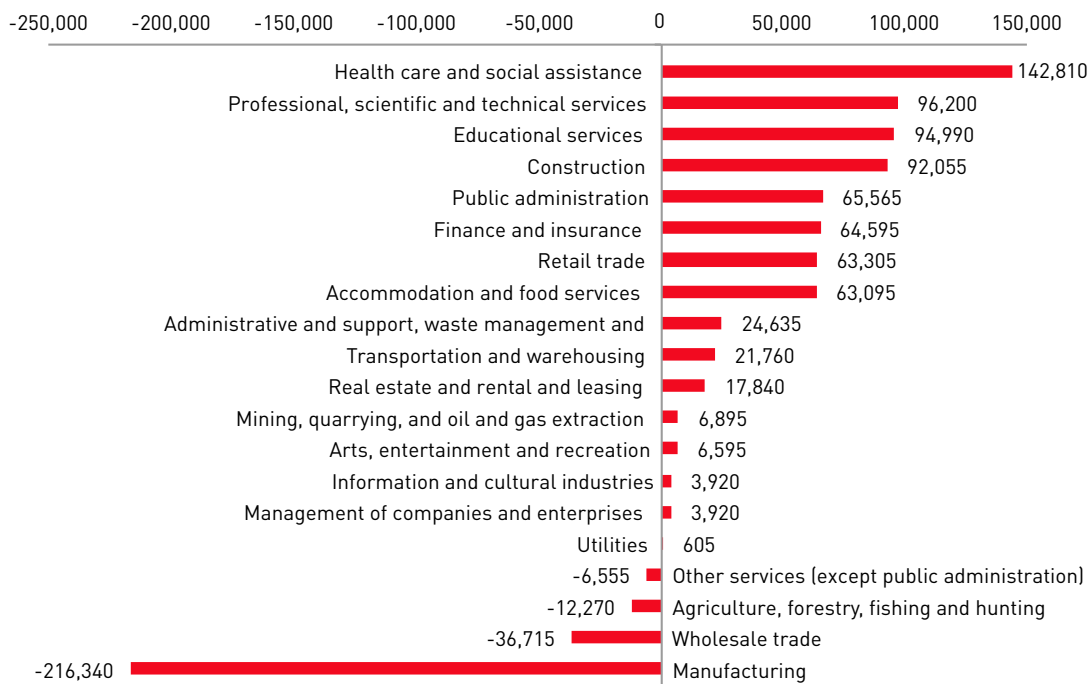
2006-16

3 Labour: The Changing Nature of Work

The number of people employed across all industries in Ontario increased by almost half a million between 2006 and 2016, but the growth was not spread evenly. The biggest employment gains came in three categories: health care and social assistance; professional, scientific and technical services; and educational services. The biggest decline in employment came in manufacturing, which saw employment fall by over 200,000 over the ten-year period (agriculture, forestry, fishing and hunting also saw a decline in employment, as did wholesale trade).

FIGURE 5

Change in employment by industry, Ontario, 2006 to 2016 (both sexes)



Sources: Census 2016 Data Table #41 (Labour) and author's calculations. Census 2006: Topic-based Tabulation: Industry - North American Industry Classification System 1997 (Historical).

Employment for women rose faster than for men. Women gained 226,775 jobs in the three fastest growing industries mentioned above, while they lost 70,680 jobs in manufacturing. In contrast, men gained only half as many jobs as women (107,235) in the three fastest growing industries, while they lost twice as many as women (145,655) in manufacturing.

These changes are indicative of the changing nature of work, not only in Ontario but in developed economies in general. Employment gains are greatest in service industries generally requiring a postsecondary education, while employment losses are concentrated in manufacturing.

A partial exception to this trend in Ontario is the growth in employment in construction. For men, this was the industry that saw the greatest employment gains in the decade preceding the last census; while jobs in this industry do not universally require a college diploma or a university degree, many require a trades or an apprenticeship certificate.

In addition to these trends in employment by industry, the census also reports on the proportion of adults who are employed on a full-year and full-time basis, who are employed part-year or part-time, or who are not working.⁶ The proportion of Ontarians between the ages of 25 and 54 who worked on a full-year, full-time basis fell between 2005 and 2015, from 57 to 52 per cent. There was a concomitant rise of three percentage points in the proportion who worked on a part-year or part-time basis, and a two-point rise in the proportion who did not work at all in 2015.

Once again, over the past decade the labour market situation of men in Ontario experienced more change than that of women. The proportion of men aged 25 to 54 who were employed full year and full time in 2015 declined by 7.3 percentage points compared with 2005; the proportion working part-year or part-time rose by 4.7 points and the proportion not working rose by 2.7 points. For women, the proportion working full-year and full-time fell by less than half as much as men (three points).

This, however, does not tell the full story. For both men and women, the proportion working full-year and full-time fell much more sharply among those without a postsecondary education, compared with those with a college diploma or university

⁶ Those who worked full-year and full-time are defined as persons aged 15 years and over who worked 49 weeks and over and mostly full time (30 hours or more per week) in 2015. Those who worked part-year or part-time are defined as persons aged 15 years and over who in 2015 worked either: (a) full year mostly part time; (b) part year mostly full time; or (c) part year mostly part time (part year is less than 49 weeks and part time is less than 30 hours per week).

degree. For men between the ages of 25 and 54, for instance, full-year, full-time employment fell by 11 percentage points among those without a postsecondary credential, compared with 4.6 points among those with a university degree. Among women with a university degree, the proportion employed full-year and full-time fell by only 1.3 percentage points.

FIGURE 6A

Work activity, Ontario, age 25-54, by educational attainment

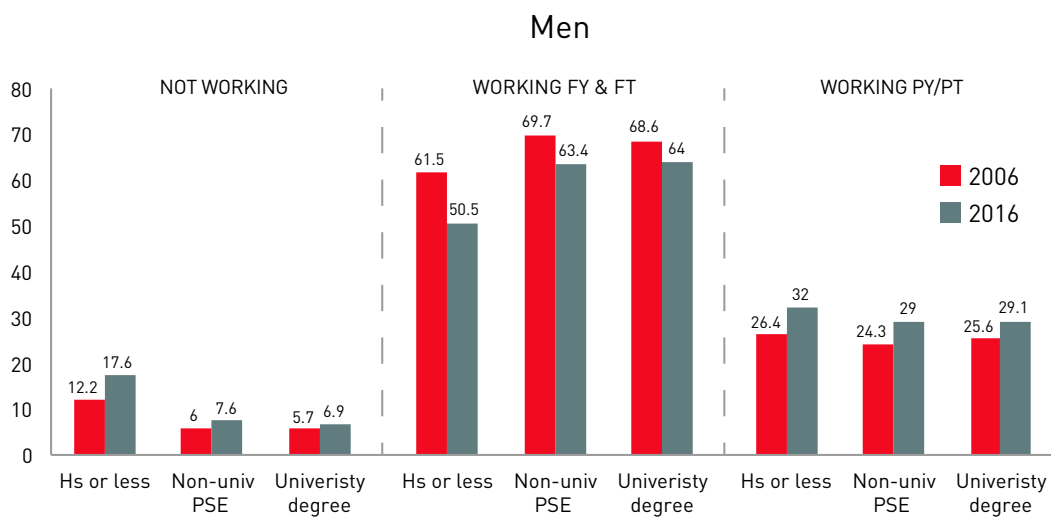
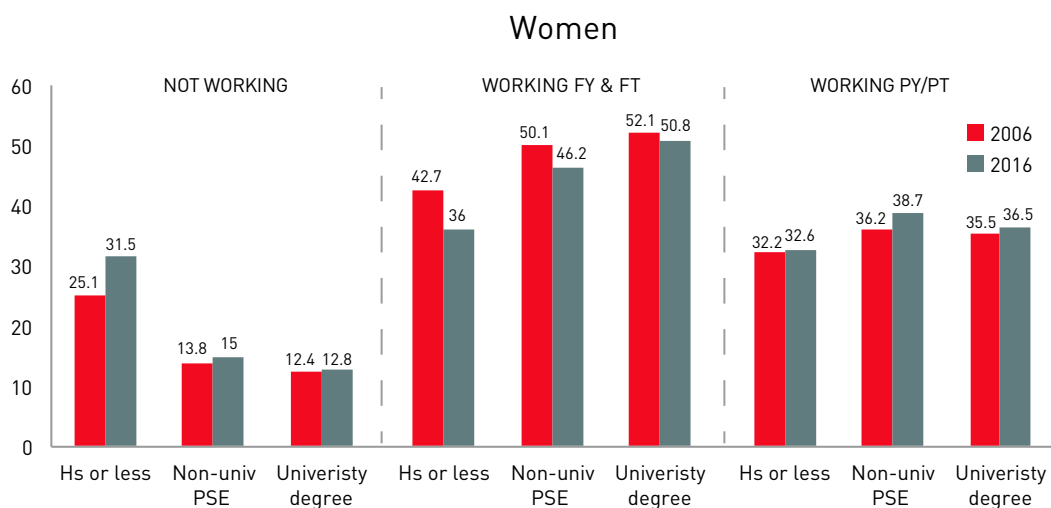


FIGURE 6B



Source: Census 2016, Highlight Tables (Labour) and author's calculations.

These changes are all the more notable because the unemployment rate in Ontario in both reference years – 2005 and 2015 – was almost the same (for 25 to 54 year-olds, it was 5.4 per cent in 2005 and 5.6 per cent in 2015⁷). The unemployment rate, however, does not capture those who have left the labour force. While the proportion of Ontarians *within the labour force* who were either working or seeking work has remained more or less the same⁸, the proportion *outside of the labour force* and the mix of full-time and part-time workers within the labour force has not.

The mix of full-year, full-time work and part-year or part-time employment is of interest in part because it speaks to the issue of the changing nature of work. Specifically, it addresses the question of whether work is becoming more precarious – that is, less likely to be permanent, full-time, and predictable, and more likely to be short-term, part-time or irregular. The census does not report on all these dimensions of employment, but the data nonetheless show an increase of three percentage points between 2005 and 2015 in the proportion of Ontarians between the ages of 25 and 54 employed only part-year or part-time. But there are two caveats to keep in mind.

The first caveat is that not everyone is equally affected by this trend. Within the core working age population (age 25 to 54), the increase in part-year or part-time work is concentrated among men, and particularly men without a postsecondary education. Second, there is an important trend which is not strictly speaking captured by the rubric of precarious work, and that is the increase in the proportion of adults who are not working at all – a trend that is again more pronounced among those who did not continue their education past high school. While some of these individuals are temporarily unemployed, others have become detached from the labour market altogether.⁹

7 Statistics Canada, CANSIM Table 282-0002.

8 This means the same in each of the two reference years; there was of course a sharp increase following the 2008 recession, followed by a gradual decrease.

9 There are other reasons for adults not working that are more positive, such as a return to full-time education or taking advantage of maternity or paternity benefits. By and large, however, the evidence does not suggest that these reasons are driving the drop in the proportion of adults who are working.

These changes are indicative of the changing nature of work, not only in Ontario but in developed economies in general. Employment gains are greatest in service industries generally requiring a postsecondary education, while employment losses are concentrated in manufacturing.

4 Implications for Public Policy

Governments are continually searching for the right combination of macro-economic and economic development policies that will support the creation of more and better jobs. In the context of Ontario, however, the census data on employment income and work underscore the importance of a number of additional policy priorities.

- » There is a strong correlation between postsecondary education attainment, work activity (e.g. full-time or part-time) and employment income. Given this, it will continue to be important to prioritize access to trades and apprenticeship training, college or university. This is particularly the case for younger men, who are significantly more likely than younger women in Ontario to enter the workforce without a postsecondary credential.
- » At the same time, there is also a need to provide effective skills training to adults who have already entered the workforce, particularly those who may be employed in industries such as manufacturing where employment numbers are falling and who therefore may need to find new jobs in other sectors of the economy. Particular attention should also be paid to the need to reintegrate adults into the labour force who may already have stopped working and given up looking for work.
- » Labour market conditions are not uniform across the province. In terms of median employment income, for instance, declines were particularly acute in a number of mid-sized cities in southwestern Ontario and in an arc surrounding the Greater Toronto Area. Governments should therefore continue to balance the need to support the economic growth of the GTA with a regional economic development strategy that ensures new jobs are also created in smaller cities and regions, particularly those where manufacturing jobs have been lost.
- » Policymakers should recognize that the situation of young adults in the post-recessionary period is more difficult than that of previous cohorts. The plight of Millennials – the generation that roughly corresponds to the 25 to 34 year-old age cohort captured in the 2016 census – has attracted considerable commentary; but behind the chatter in the popular media lies the census finding showing that this is the only age cohort whose income was lower after the recession compared to its pre-recession counterparts.¹⁰

¹⁰ See note 3.

» Finally, the census points to presence of a number of income gaps between different groups of Ontarians. Recent immigrants, for instance, earn three-fifths of the median employment income of other Ontarians, while visible minorities earn four-fifths. Within these groups, there is a significant variation in the experiences of specific groups that warrants closer attention in order to ensure that barriers to full participation in the labour market are identified and tackled. Also, while the census showed how in general men were more adversely affected by the recession than women, it also documented the continued gender gap in income; the narrowing of this gap was due in part to the fact that incomes for men fell. This is not the optimal path to gender equality.

