**Region of Waterloo**

**Planning, Development and Legislative Services**

**Community Planning**

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**To:**            Committee of the Whole

**Meeting Date:**   April 13, 2021

**Report Title:**   2020 Labour Force Activity

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**1.    Recommendation:**

For information

**2.    Purpose / Issue:**

Labour force information is important for understanding the local economy, and specifically used for:

- Employment and income support program planning, and the Ontario Works Service Plan,
- Employment monitoring and forecasting to support the Regional Official Plan, Development Charges By-Law, and master plans,
- Economic development and business recovery supports, and
- Strategic and financial planning in support of the Region's credit rating reviews.

**3.    Strategic Plan:**

Tracking and reporting labour force activity contributes to Strategic Focus Area 2: Growth Management and Prosperity

**4.    Key Considerations:**

As a result of the widespread measures taken to contain the spread of COVID-19, the Canadian economy contracted in 2020, however, there were also signs of resilience.

The economic contraction resulted in a decline in employment numbers and other labour force indicators, not just affecting the KCW CMA, but all areas across the country. The reduction of economic activity in 2020 is reflected in the 2020 Annual Labour Force Report.

In summary:

- 16,500 jobs were lost in 2020 (5.1 per cent), more than during the 2009 recession (5,700 or 2.1 per cent).
- The COVID-19 pandemic has not had the same impact on everyone, for example, females, youth, and part-time workers were the most impacted by employment loss.
- The unemployment rate jumped 4.3 percentage points to 9.6 per cent, a similar rate as the 2009 recession (9.7 per cent).
- The greatest losses of employment occurred in accommodation and food services.

Recognizing the significant employment impact, there were some positive trends reflecting a resilient economy during 2020, and emerging strengths:

- Since the start of the Pandemic, the workforce ended the year at 95 per cent of pre-COVID employment numbers.
- Although most industries saw a loss of employment, manufacturing and public administration saw employment gains in 2020 when compared to 2019.
- Based on monthly data, employment has grown in four sub-sectors above pre-COVID employment numbers with notable improvements and growth in transportation and warehousing, manufacturing, 'tech' (professional services) and construction.
- Participation and employment rates continued to be higher than provincial and national rates.
- During the last year, the unemployment rate reached a high of 12.6 per cent and improved to end the year at 8.4 per cent.
- The Conference Board of Canada is projecting the KCW to experience steady job growth in 2021.

## 5.  Background:

In March 2020, widespread measures were in place across Canada to contain the spread of COVID-19, including restrictions on workplaces across Canada, limiting the number of employees in a workplace, operating hours, and the number of customers. The measures changed through the year. Some employers reacted by reducing their workforces through permanent or temporary layoffs. Others increased their workforce to cover demand for services or products.

To assist employers and workers, the federal and provincial governments put economic support programs in place. These measures, including CERB, affected the employment status of workers. For example, those who received CERB funding were considered no longer to be in the labour force, removing them from the figures on the number of employed and the number of unemployed, reducing the reported size of the labour force, and pushing down participation rates.

To monitor the local Waterloo Region economy through these challenging times, staff produced monthly labour force reports that told the story of how Waterloo Region – whose economy was enviably strong going into 2020 – weathered the situation. They described the sectors most affected by the restrictions and economic effects of COVID through an index of recovery rates, and they provided the monthly local rates of employment, unemployment and participation.

Annualized labour force data is now available, providing the average for the full year. The attached report uses monthly and annualized data to compare to previous years.

## 6.    Area Municipality Communication and Public/Stakeholder Engagement:

Monthly labour force bulletins have been shared with BESTWR members, and will be posted on the Region of Waterloo website.

## 7.    Financial Implications:

Nil

## 8.    Conclusion / Next Steps:

Staff will continue to produce monthly monitoring bulletins of the labour force.

## 9.    Attachments / Links:

Appendix A: 2020 Labour Force Report (Docs#3589544)

Appendix B: Kitchener Cambridge Waterloo (KCW) CMA Labour Force Report -2020 Snapshot


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Appendix B: Kitchener Cambridge Waterloo (KCW) CMA Labour Force Report -2020 Snapshot

## 2021 Kitchener Cambridge Waterloo (KCW) CMA Labour Force Report - 2020 Snapshot

**Region of Waterloo**
Economic Development

### 2020 Labour Force Report Highlights

- 10th *largest* workforce in Canada (338,600 labour force annualized)
- 4th largest manufacturing workforce in Canada (#1 industry in Waterloo Region)
- 3rd highest % of manufacturing workers in Canada (as % of workforce)
- Proportionately, a younger workforce than the Provincial average (2020)
- One of Canada's fastest growing CMAs
- A diverse economy with 75% of all jobs in seven industries

**CANADA'S LARGEST WORKFORCE**
**The Toronto-Waterloo Corridor**

### Pre-COVID Labour Force Snapshot
- Unemployment rate: 5.3% (KCW) vs. 5.4% (ON)
- Workforce: 340,700 (2019 labour force annualized)

### 2020 Labour Force Snapshot (annualized)
- Unemployment rate: 9.6% (KCW) vs. 9.6% (ON)
- Workforce: 338,600 labour force (annualized) with 306,200 employed

### LARGEST & DIVERSE EMPLOYMENT INDUSTRIES IN 2020 (annualized with 306,200 workers)

| | | |
|---|---|---|
| #1 Manufacturing with 57,000 | #4 Educational Services with 29,100 | #7 Construction 20,300 |
| #2 Wholesale & Retail with 45,500 | #5 Tech (professional services) | **>75% all jobs** |
| #3 Health Care with 31,300 | #6 Finance with 28,300 | |

### 2020 Economic Impacts
- Peak job loss was in June 2020 (peak monthly loss at 12.6% and has recovered to 8.4% as of December 2020) with a total of 16,500 job losses during the year.
- Accommodations and Food Services, which includes restaurants, was the hardest hit industry (52% pre-COVID monthly employment as of December 2020), followed by Information, Culture & Recreation (71% pre-COVID monthly).
- The youth age group experienced the greatest decline in employment.
- 83% of all jobs lost were part-time workers.

### 2020 Recovery Highlights

The 2020 employment and participation rates for KCW CMA were higher than the Provincial and National rates.

From 2019 to 2020, the KWC CMA is at 95% pre-COVID (annual) employment level.

On a monthly basis, the Labour Force Survey indicates (LFS) the KCW CMA is at 97% pre-COVID employment level (December 2020) with the following trends:
- 7 of 14 industries have reached 95% pre-COVID employment level or higher.
- Top performing industries include: health care and social assistance (128%); public administration (123%); transportation and warehousing (122%); tech (professional and technical services at 117%) and other services (108%).
- Full strength industries include: manufacturing (99%); wholesale and retail trade (99%); construction (90%) and business and other support services (88%).

Post secondary enrollment trends are rising.

Notes:  KCW CMA Labour Force adjusted to include Township of Wilmot.
Refer to 2020 Labour Force Report for full findings and analysis.

# 2020 Labour Force Report

## Labour Force Characteristics

## of the Kitchener-Cambridge-Waterloo

## Census Metropolitan Area

**Prepared By:**
**Planning Research and Analytics**
**Planning, Development and Legislative Services**
**Region of Waterloo**

## 2020 Labour Force Characteristics

This report describes the labour market for the Kitchener-Cambridge-Waterloo Census Metropolitan Area (KCW CMA) and provides some benchmarks to identify how the labour market has evolved from last year through the COVID-19 pandemic. The KCW CMA includes Kitchener, Cambridge, Waterloo, Woolwich, North Dumfries, and Wilmot[1].

The analysis is informed by the 2020 Labour Force Survey (LFS) published by Statistics Canada. Unless otherwise specified, data shown is based on annualized numbers, which is an average number calculated over the period from January to December 2020.

## COVID-19 Pandemic Results in Weaker Labour Market in 2020

As a result of the widespread measures taken to contain the spread of COVID-19, the Canadian economy contracted in 2020. This economic contraction has resulted in a decline in employment numbers and other labour force indicators, not just affecting the KCW CMA, but all areas across the country. The reduction of economic activity in 2020 is reflected in this 2020 Annual Labour Force Report. In summary:

- 16,500 jobs were lost in 2020 (5.1 per cent), more than during the 2009 recession (5,700 or 2.1 per cent).
- The COVID-19 pandemic has not had the same impact on everyone, for example, females, youth, and part-time workers were the most impacted by employment loss.
- The unemployment rate jumped 4.3 percentage points to 9.6 per cent, a similar rate as the 2009 recession (9.7 per cent).
- The greatest losses of employment occurred in accommodation and food services.

Recognizing the significant employment impact, there were some positive trends reflecting a resilient economy during 2020, and emerging strengths:

- Since the start of the Pandemic, the workforce ended the year at 95 per cent of pre-COVID employment numbers.
- Although most industries saw a loss of employment, manufacturing and public administration saw employment gains in 2020 when compared to 2019

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[1] The 2020 Labour Force data is still based on the 2016 Census geography of the KCW CMA which included the three cities of Kitchener, Cambridge and Waterloo and the townships of Woolwich, North Dumfries, and Wilmot. Wellesley is not currently included in the CMA.

- Based on monthly data, employment has grown in 4 sub-sectors above pre-COVID employment numbers with notable improvements and growth in transportation and warehousing, manufacturing, 'tech' (professional services) and construction.
- Participation and employment rates continued to be higher than provincial and national rates.
- During the last year, the unemployment rate reached a high of 12.6 per cent and improved to end the year at 8.4 per cent.
- The Conference Board of Canada is projecting the KCW to experience steady job growth in 2021.

## Annualized Employment Data

The working age population (those aged 15 years and over) of the KCW CMA was estimated to be 492,900 in 2020. Of this total, 68.7 per cent or 338,600 people were considered to be participating in the labour force (see Figure 1). These are people who were either working or indicated they were looking for work. Within the labour force, 306,200 people were employed, translating to an employment rate of 62.1 per cent. Of employed individuals, 83 per cent were working full-time, a proportion that is similar to Ontario where 82.6 per cent and Canada where 82 per cent of people were employed full-time. The other 32,400 people in the labour force were unemployed, which translates to an annualized unemployment rate of 9.6 per cent.

The rest of the working age population, an estimated 154,200 people, were not in the labour force, typically because they were students, retired, or not seeking employment. Those not seeking employment may have been on an unpaid leave of absence, permanently unable to work, or had not looked for work in at least four weeks (see Appendix B for a glossary of Labour Force Survey terms used in this report). It is important to note that in 2020, people who were not in the labour force also included those who were receiving the Canadian Emergency Response Benefit (CERB). This represents an increase of 13,900 people who were not in the labour force compared to 2019.

**Figure 1: The working age population in 2020**
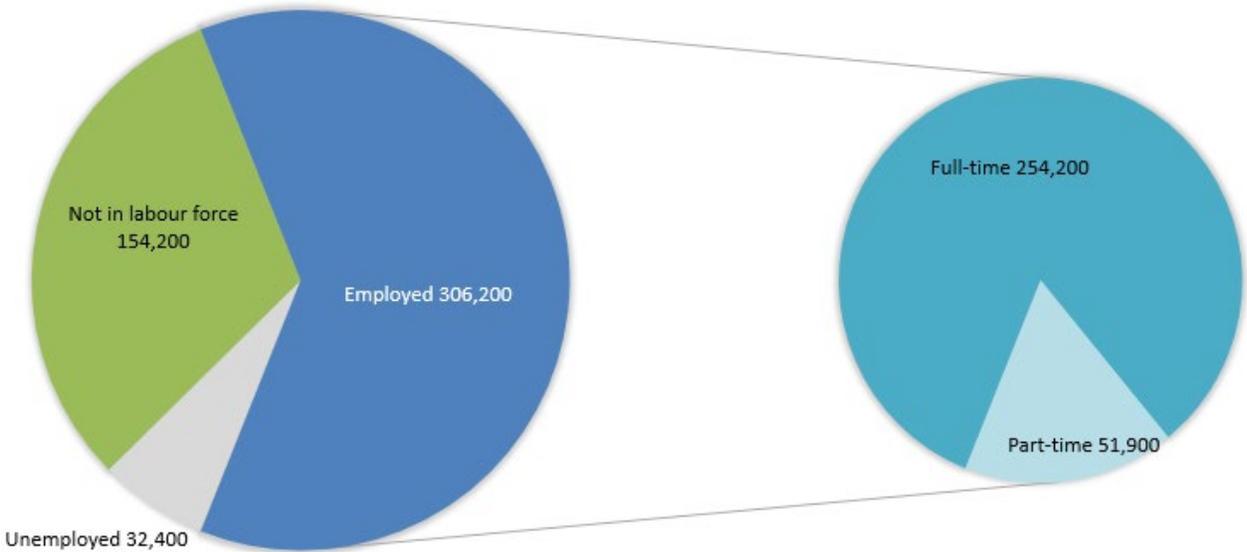


**Employment and labour force participation remain higher in the KCW CMA when compared to Ontario and Canada**

The KCW CMA has strong participation and employment rates when compared to Ontario and Canada. As shown in Table 1, both the participation rate and employment rate were higher than the provincial and national averages. The area's unemployment rate was similar to the provincial and national unemployment rates. Compared to other CMAs[2] across the country, KCW had the third highest employment rate and had the twelfth lowest unemployment rate.

**Table 1: Labour force rates (per cent), 2020**

| Measure | Kitchener-Cambridge-Waterloo CMA | Ontario | Canada |
|---|---|---|---|
| **Participation rate** | 68.7 | 63.6 | 64.1 |
| **Employment rate** | 62.1 | 57.5 | 58 |
| **Unemployment rate** | 9.6 | 9.6 | 9.5 |

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[2] There are 35 Census Metropolitan Areas (CMAs) in Canada.

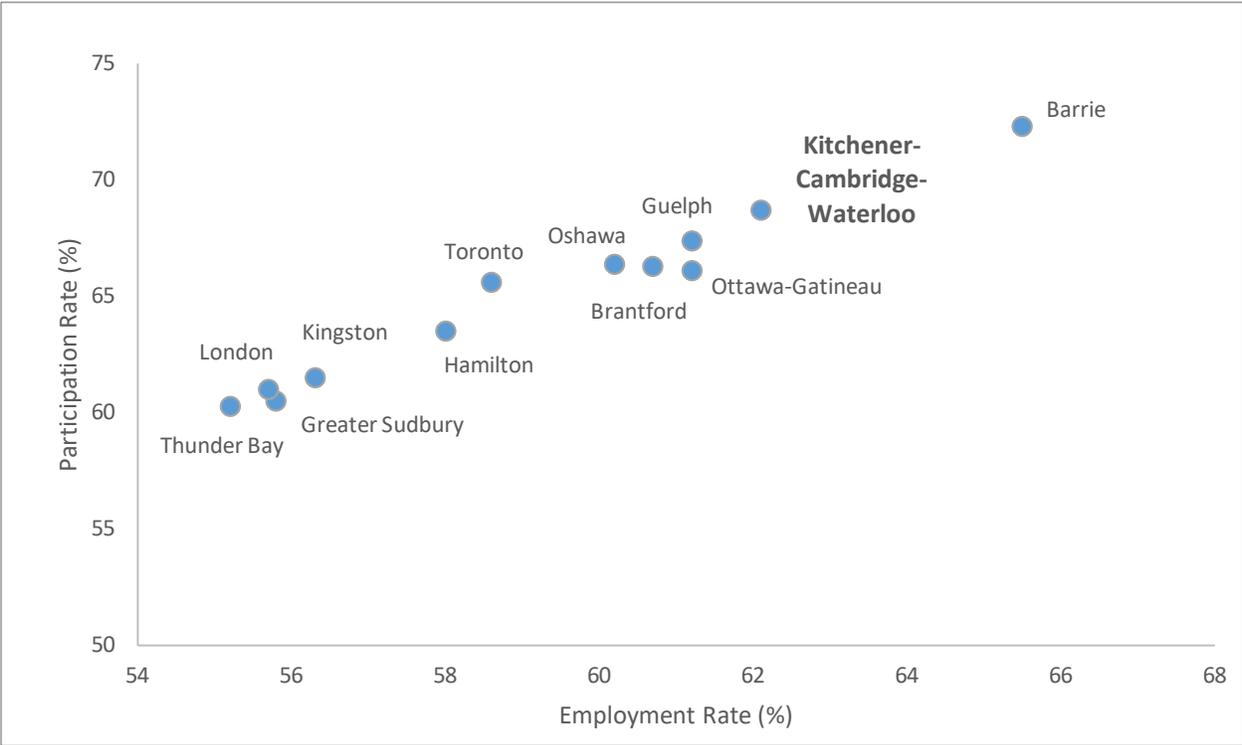**Figure 2: Labour force participation and employment rates for Ontario CMAs, 2020**



Figure 2 compares the participation rates and employment rates for CMAs in Ontario. The KCW CMA has both a higher participation rate and employment rate than most Ontario CMAs, indicating a strong labour market.

## Monthly labour force rates fluctuate but stabilize by the end of 2020 for many subsectors

Monthly employment numbers were significantly affected by the public health measures taken to curb the spread of COVID-19. The following is a timeline COVID-19 safety measures in 2020:

- March - Province wide lockdown
- June-September - Gradual re-opening
- October-November - Second wave of COVID-19, gradual increase of safety measures (region specific)
- Late December - Province wide lockdown

The *monthly* fluctuation in the 2020 labour market has resulted in an *average annual* employment number of 306,200 employees, as referenced elsewhere in this annual report. Because of this, there may contrasting information when comparing monthly

data to annual data in this report. A table showing monthly employment numbers for all industries is located in Appendix E to better understand how the monthly employment numbers have affected the annual average. The following section uses monthly data, which showcases the variation of employment figures throughout the year.

Both participation and employment rates followed similar monthly trends from January to December of 2020. Between April and June rates fell sharply before slowly increasing during the third and fourth quarter of the year (see Figure 3).[3] The participation rate ended the year at 69.1 per cent which was below where it began in 2020. Similarly, the employment rate ended the year 4.2 per cent below the January 2020 rate at 63.3 per cent.

**Figure 3: Monthly employment and participation rates, 2020**
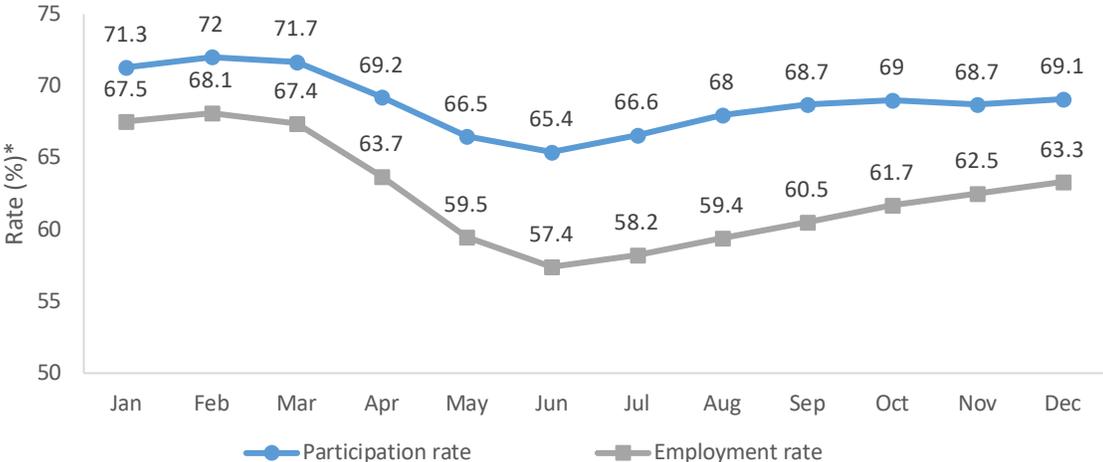


*Note: Verical axis begins at 50 per cent

Monthly unemployment rates increased significantly starting in March. Rates climbed from 5.2 per cent in January to a high of 12.6 per cent in July and August before declining to 8.4 per cent in December (Figure 4).  At its peak, an estimated 35,700[4] jobs were lost bringing employment to 85 per cent of its pre-COVID level.  By year-end, the number of jobs lost had improved to 11,400 representing a rebound to 95 per cent of the pre-COVID employment level. Compared to the Ontario unemployment rate, KCW has seen a better recovery, as Ontario remained at a 9.5 per cent unemployment rate in December of 2020.

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[3] The monthly rates in this report are seasonally adjusted using a 3-month moving average, meaning that fluctuations related to changes due to holidays, climate, and seasonal retail cycles are removed.

[4] Elsewhere in the report, the jobs losses are characterized as 16,500 jobs which is the annualized figure

**Figure 4: Monthly unemployment rates in KCW and Ontario, 2020**
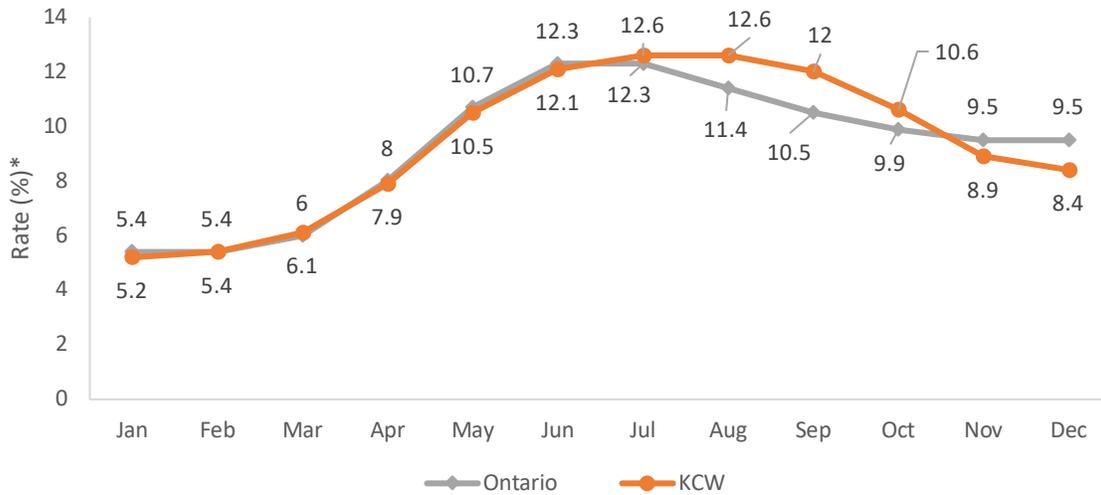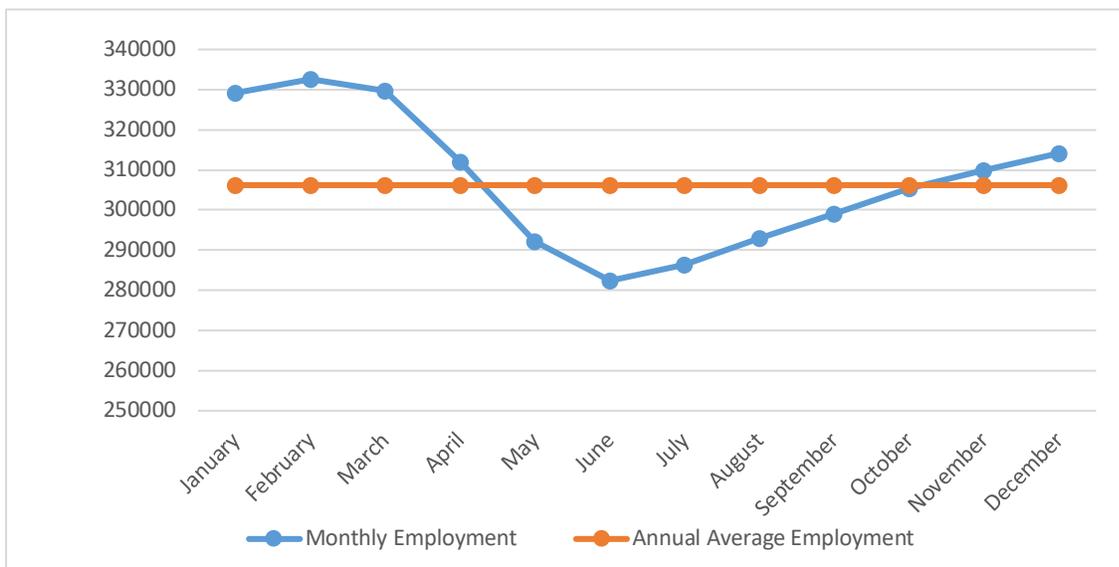


**Figure 5: Monthly total employment in KCW, 2020**



In January and February of 2020, total employment in the KCW CMA was at an all time high. However, in March, the COVID-19 pandemic began to spread rapidly in Ontario and provincial lockdowns caused a sharp decline in employment. By June, there were nearly 50,000 fewer people employed than in January (Figure 5). Subsequently, employment numbers have steadily increased, and by December, the KCW CMA gained back more than 30,000 jobs, ending the year at 314,000 jobs.

Figure 6 represents how much each industry has recovered from the COVID-19 related job losses. Accommodation and food services was the hardest hit and sits at 52 per cent of its pre-COVID-19 workforce. In contrast, several industries have fully recovered and even exceeded pre-COVID-19 employment numbers. Of the 14 industries, half

have recovered to at least 95 per cent of their pre-COVID employment numbers. Recognizing that it's important to use caution in interpreting monthly LFS results due to sample size and volatility, the following trends were noticed. Construction, which showed one of the deepest declines in the spring, recovered to a relatively healthy 90 per cent. Additionally, the manufacturing sector saw a significant increase in employment gaining more than 10,000 jobs between May and August before leveling back to 99 per cent of its pre-COVID-19 workforce (Appendix E).

**Figure 6: Job recovery percentage as of December 2020, by industry**
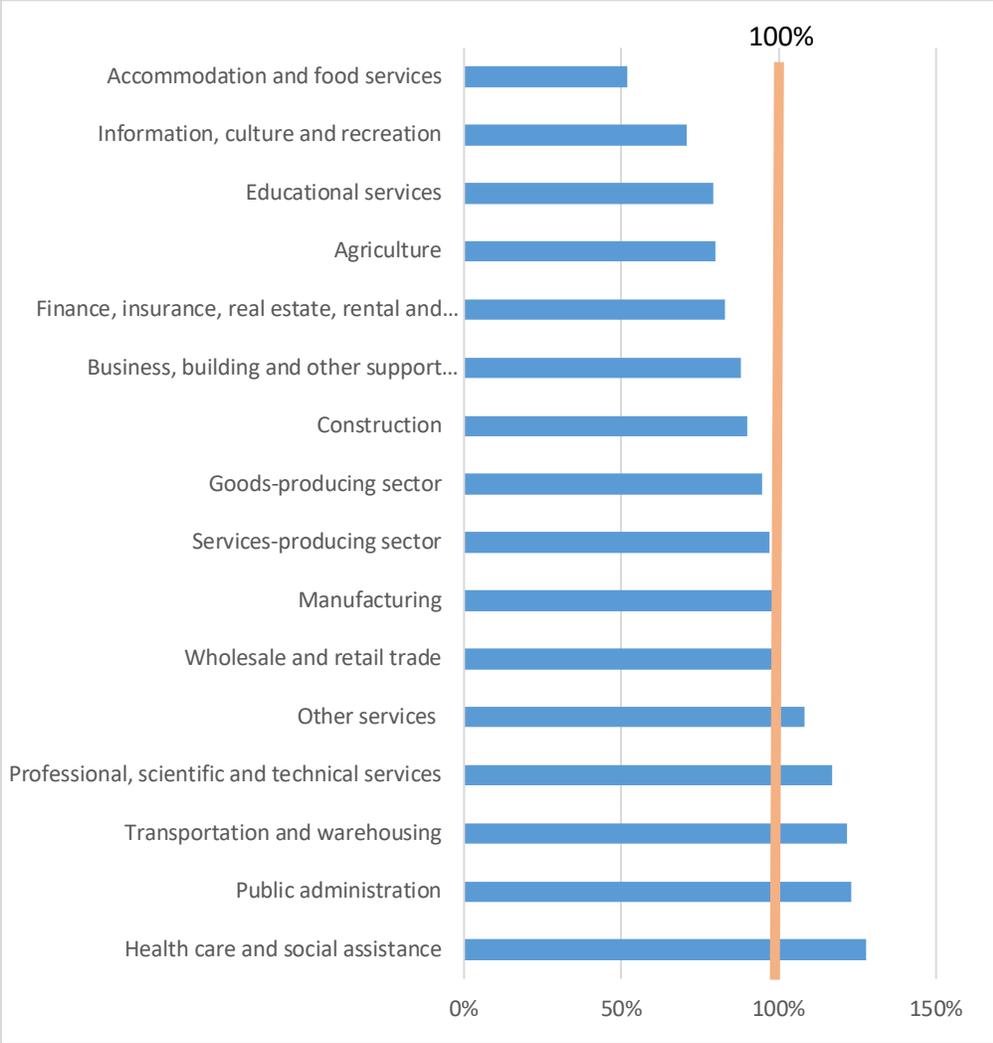


* Employment recovery is measured as the ratio (shown as percentage) of December 2020 employment to pre-COVID (February 2020) employment levels
**Figures 2, 3, 4 and 5 reflect Labour Force Survey 2020 3-month moving average estimates, seasonally adjusted.

## Employment loss in 2020 was primarily part-time and affected more women than men

Due to the COVID-19 Pandemic in 2020, the KCW CMA lost an average of 16,500 jobs representing a drop of 5.1 per cent compared to 2019. The loss of employment in 2020 was greater than the loss encountered during the 2009 recession, where employment dropped by 2.1 per cent in the KCW CMA. Part-time employment accounted for 83 per cent (13,700) of the lost jobs, eliminating the gains made in the previous year. In contrast, full-time employment dropped by 2,900 jobs.

**Figure 7: Full-time and part-time employment, 2006-2020**
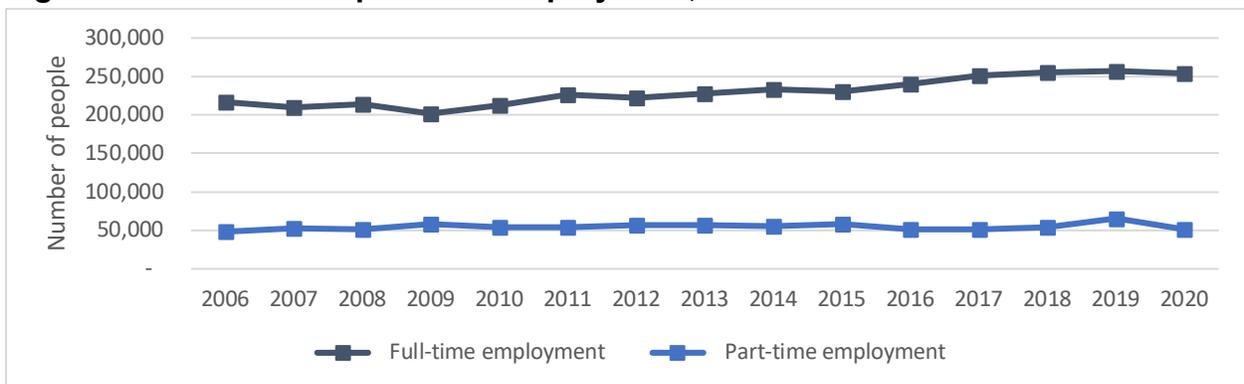


From 2019 to 2020, employment decreased for both men and women. Male employment losses totalled 7,200 (-4 per cent) over the year while employment among women decreased by 9,300 jobs (-6 per cent) (Figure 8).

**Figure 8: Employment for males and females, 2006-2020**
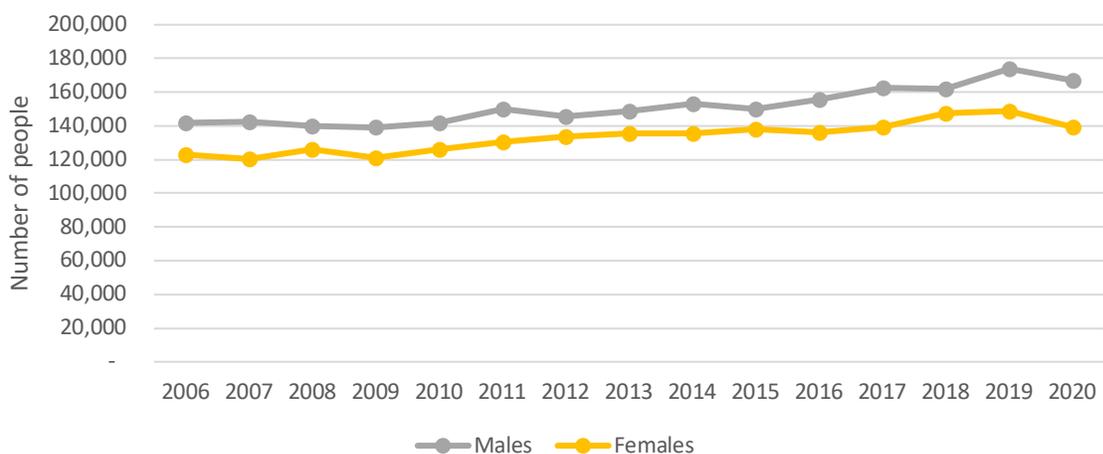
**The KCW CMA continues to have a strong labour force among comparator CMAs in Ontario and nearing pre-COVID employment level**

The KCW CMA was strong in 2020 compared to other CMA labour forces. The KCW CMA had the second largest labour force and employed population next to the Hamilton CMA, as shown in Figure 9 (see Appendix B for information on CMA geographies). The KCW CMA is most comparable to London's by size of the working age population, but has a larger labour force and a higher proportion of employed people.

**Figure 9: Labour Force for comparator CMAs in Ontario, 2020**
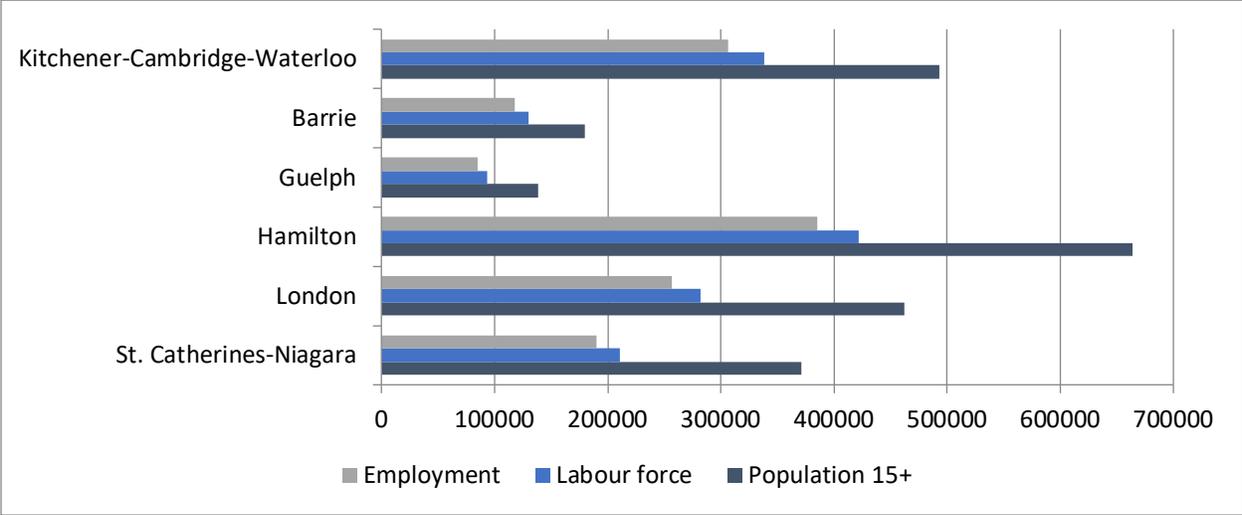


As shown in Table 2, the KCW CMA has the 10th largest labour force in in Canada. When looking at Ontario CMAs, the KCW is third behind Toronto and Hamilton.

**Table 2: Top 10 CMAs in Canada by size of labour force, 2020**

| Rank | CMA | Labour Force |
|---|---|---|
| 1 | Toronto, Ontario | 3,611,700 |
| 2 | Montréal, Quebec | 2,386,200 |
| 3 | Vancouver, British Columbia | 1,515,000 |
| 4 | Calgary, Alberta | 888,200 |
| 5 | Edmonton, Alberta | 804,500 |
| 6 | Ottawa-Gatineau, Ontario/Quebec | 784,200 |
| 7 | Winnipeg, Manitoba | 467,200 |
| 8 | Québec, Quebec | 450,300 |
| 9 | Hamilton, Ontario | 421,900 |
| **10** | **Kitchener-Cambridge-Waterloo** | **338,600** |

The KCW CMA ranks high in participation and employment rates among comparator Ontario CMAs. As shown in Table 3, the KCW CMA was second in participation and

employment rates. However, in 2020, the KCW CMA's unemployment rate was second highest among comparator CMAs at 9.6 per cent.

**Table 3: Labour force rates for comparator CMAs in Ontario, 2020**

| Measure | Kitchener-Cambridge-Waterloo | Barrie | Guelph | Hamilton | London | St. Catharines-Niagara |
|---|---|---|---|---|---|---|
| Participation rate | 68.7 | 72.3 | 67.4 | 63.5 | 61.0 | 56.9 |
| Employment rate | 62.1 | 65.5 | 61.2 | 58.0 | 55.7 | 51.3 |
| Unemployment rate | 9.6 | 9.5 | 9.2 | 8.8 | 8.8 | 9.8 |

The following section highlights the changes and diversity of the KCW CMA labour market across industrial sectors in 2020.

## Goods producing sector declines while services producing sector see sharpest drop on record

The services producing sector lost 11,700 jobs in 2020, marking the greatest decline since 2006. Employment in goods producing industries decreased, finishing 2020 with a loss of 4,700 jobs (Figure 10).

**Figure 10: Goods-producing and Services-producing sector employment, 2006 - 2020**
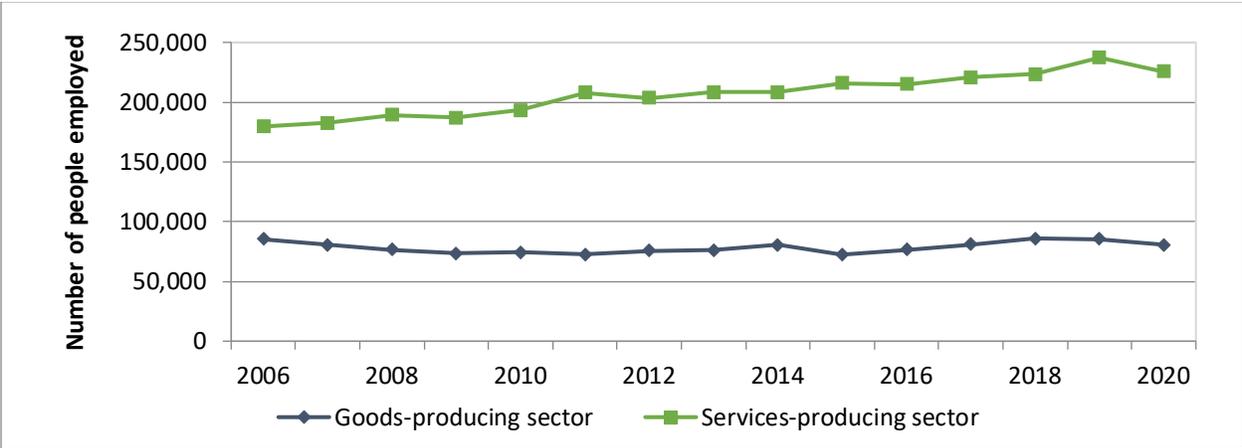


The majority of employment loss in the goods producing sector came from the construction industry which lost 5,600 jobs. However, based on monthly data, the construction industry has recovered to 90 per cent of its pre-COVID-19 workforce. The manufacturing sector saw an increase of 2,700 jobs over the course of 2020, which kept

the overall loss of the goods producing sector to 4,700 jobs. Meanwhile the services producing sector lost 11,700 jobs in 2020 which has erased the gains seen in 2019. Accommodation and food services lost the most service producing jobs (5,500) followed by finance, insurance, real estate and leasing, and transportation and warehousing, which both lost 3,200 jobs. Public administration experienced an increase of 1,700 jobs in 2020, making it one of the few sectors that posted an increase in 2020 when compared to 2019 (see Figure 11). Educational services posted an increase of 2,700 jobs in 2020 when compared to 2019.

**Figure 11: Employment gains and losses by industry, 2020**
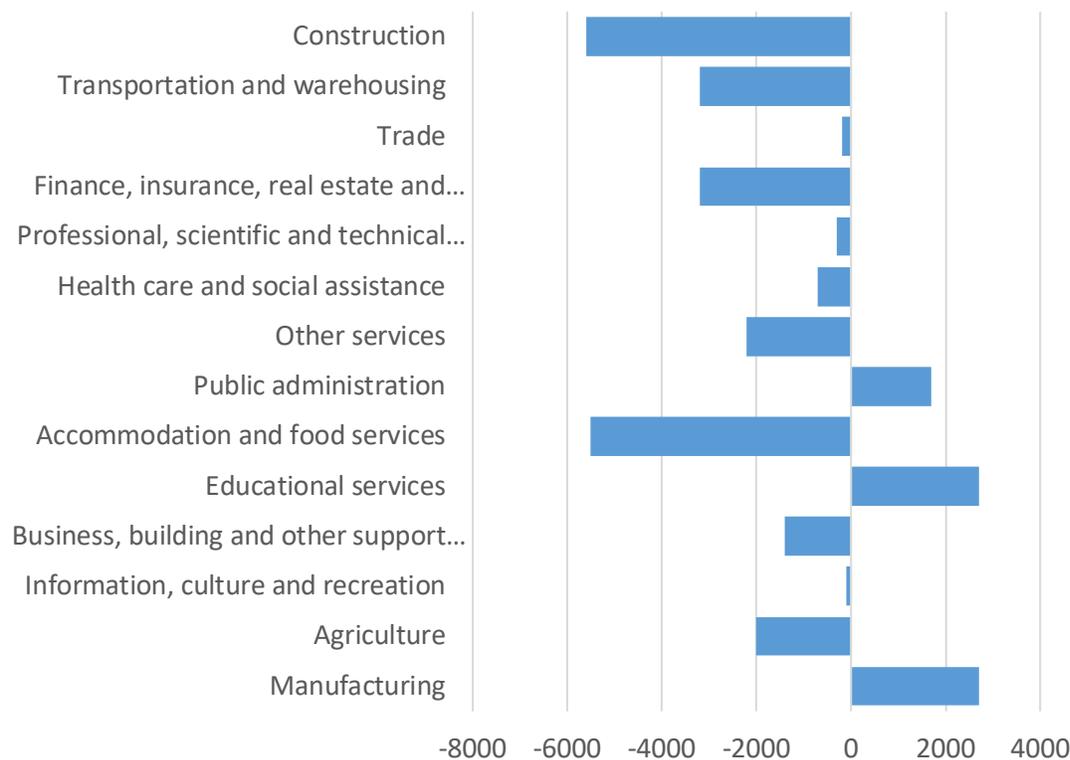


The service-producing sector made up almost three quarters of employment or approximately 225,500 jobs in 2020. The sector consists of 11 industries, the largest of which is wholesale and retail trade. Of all service sector industries, five employed 20,000 or more people (see Table 4) in 2020, indicating a diverse economy.

Four industries made up just about half of all employment in the KCW CMA labour force in 2020. These four industries were 'manufacturing', 'wholesale and retail trade', 'healthcare and social assistance', and 'education'. Illustrating the diversity of the economy, seven industries employed over 75 per cent of local workers including 'finance, insurance, real estate, rental and leasing', 'professional, scientific and technical services', and 'construction'. The remaining 24 per cent of jobs were spread across seven industries.

**Table 4: Employment and Percentage Share by Industry, 2020**

| Industry | 2020 | Share |
|---|---:|---:|
| **Goods-producing sector** | **80,700** | **26.4%** |
| Agriculture | 1,700 | 0.6% |
| Construction | 20,300 | 6.6% |
| Manufacturing | 57,000 | 18.6% |
| **Services-producing sector** | **225,500** | **73.6%** |
| Accommodation and food services | 12,900 | 4.2% |
| Business, building and other support services | 10,000 | 3.3% |
| Educational services | 29,100 | 9.5% |
| Finance, insurance, real estate, rental and leasing | 22,500 | 7.3% |
| Health care and social assistance | 31,300 | 10.2% |
| Information, culture and recreation | 11,900 | 3.9% |
| Other services | 11,000 | 3.6% |
| Professional, scientific and technical services | 28,300 | 9.2% |
| Public administration | 10,300 | 3.4% |
| Transportation and warehousing | 12,700 | 4.1% |
| Wholesale and retail trade | 45,500 | 14.9% |
| **Total Jobs** | **306,200** | **100%** |

*Due to rounding methods individual industries may not sum up to sector totals

## Manufacturing increases and remains top industry for employment in 2020

With an increase in employment in 2020, manufacturing remained the largest in terms of employed labour force for the KCW CMA. In 2020, there were 57,000 people employed in manufacturing, which equates to 18.6 per cent of the employed labour force (Figure 12). Manufacturing has exceeded the pre-COVID level by 2,700 jobs and increased 5 per cent compared to 2019.

**Figure 12: Manufacturing industry employment over time, 2006-2020**
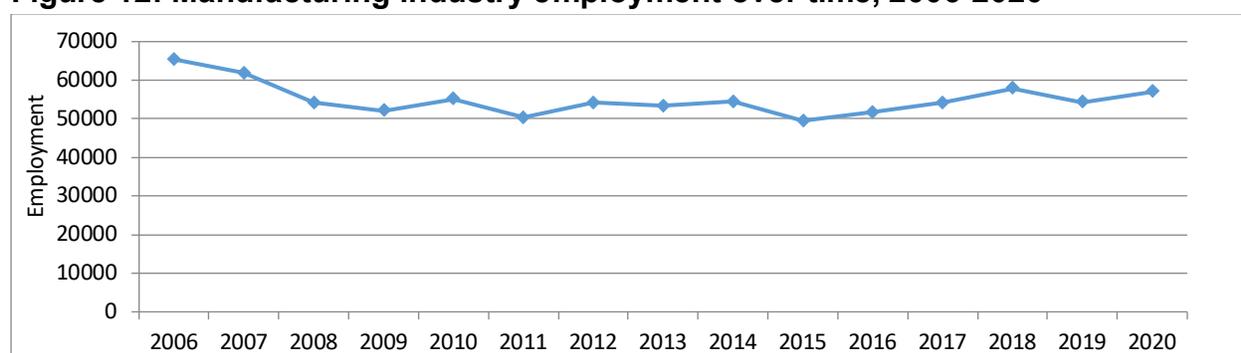
**KCW CMA remains strong among Canadian CMAs for manufacturing industry employment in terms of per cent of workforce, and total size**

The KCW CMA remains one of the top manufacturing labour markets in Canada. The Region's labour force is currently the third largest in the country by percentage of employees in manufacturing, with approximately 18.6 per cent of the employed labour force working in this sector (see Table 5). This is a slightly smaller percentage than Guelph, but represents almost three and a half times as many workers. The total number of residents working in manufacturing was estimated at 57,000 people in 2020 which is up from 54,300 in 2019. In terms of the total size of the manufacturing workforce, the KCW CMA is the fourth largest in Canada, behind Toronto, Montréal, and Vancouver (Table 6).

**Table 5: Top 10 Canadian CMAs by proportion of manufacturing employment, 2020**

| CMA | Total employment | Manufacturing employment | % Share |
|---|---|---|---|
| Windsor, Ontario | 152,200 | 37,700 | 24.8% |
| Guelph, Ontario | 85,100 | 17,800 | 20.9% |
| **Kitchener-Cambridge-Waterloo, Ontario** | **306,200** | **57,000** | **18.6%** |
| Brantford, Ontario | 71,900 | 12,500 | 17.4% |
| Sherbrooke, Quebec | 107,300 | 16,100 | 15.0% |
| Belleville, Ontario | 49,300 | 7,300 | 14.8% |
| London, Ontario | 257,200 | 32,300 | 12.6% |
| Hamilton, Ontario | 384,900 | 46,000 | 12.0% |
| Saguenay, Quebec | 73,700 | 8,800 | 11.9% |
| Barrie, Ontario | 117,600 | 13,500 | 11.5% |

**Table 6: Top 10 Canadian CMAs by total manufacturing employment, 2020**

| CMA | Manufacturing employment |
| --- | --- |
| Toronto, Ontario | 302,900 |
| Montréal, Quebec | 231,400 |
| Vancouver, British Columbia | 93,900 |
| **Kitchener-Cambridge-Waterloo, Ontario** | **57,000** |
| Hamilton, Ontario | 46,000 |
| Winnipeg, Manitoba | 41,100 |
| Calgary, Alberta | 40,700 |
| Edmonton, Alberta | 40,500 |
| Windsor, Ontario | 37,700 |
| London, Ontario | 32,300 |

## Greatest increases in employment over time had been service related industries

Total employment growth over time (2006 to 2020) has increased significantly for four industries. The greatest growth has occurred in the professional, scientific and technical services industry which added 14,000 new jobs since 2006. Educational services has seen the second highest growth since 2006, adding 10,700 new jobs. Educational services and health care and social assistance also have experienced years of increase and decrease, but both industries have grown significantly since 2006 adding 10,700 and 8,400 jobs, respectively. Wholesale and retail trade has added 3,900 jobs since 2006 (Figure 13).

**Figure 13: Industries that have had the greatest employment gains since 2006**
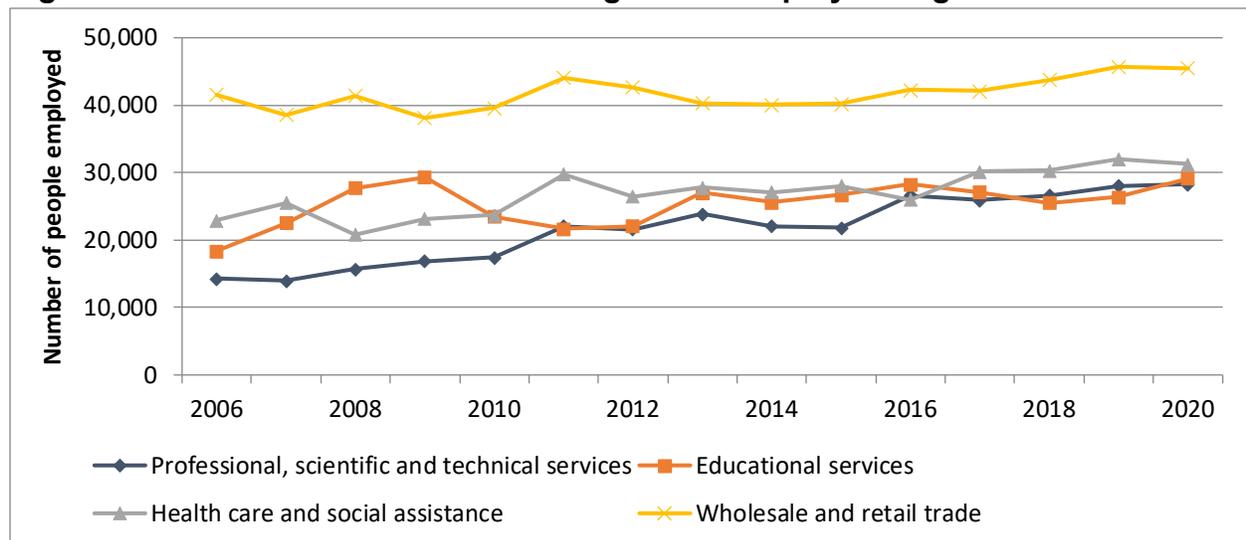
Some industry groupings such as the creative or high tech sectors often fall within a variety of classifications and cannot be measured with labour force data. For example, high tech employees may work in a variety of sub-sectors in manufacturing, information and cultural industries, or professional, scientific, and technical services.

## Sales and Services make up the greatest share of employment by occupation

Occupations, which represent type of work done rather than the industry in which the job falls, are split into ten broad classes. In 2020, Sales and services occupations were the largest class in the KCW CMA with 20 per cent of employment, as shown in Table 7. This occupation class, combined with 'trades, transport and equipment operators and related occupations' and 'business and finance and administrative occupations' represent approximately one half of employment.

**Table 7: Employment by occupation, 2020[5]**

| Occupation Class* | 2020 | % Share |
|---|---|---|
| Sales and service occupations | 61,600 | 20% |
| Trades, transport and equipment operators and related occupations | 42,800 | 14% |
| Business, finance and administrative occupations | 45,600 | 15% |
| Natural and applied sciences and related occupations | 37,000 | 12% |
| Occupations in education, law and social, community and government services | 34,600 | 11% |
| Occupations in manufacturing and utilities | 30,200 | 10% |
| Management occupations | 24,900 | 8% |
| Health occupations | 19,900 | 6% |
| Occupations in art, culture, recreation and sport | 6,800 | 2% |
| Natural resources, agriculture and related production occupations** | 3,000 | 1% |

In 2020 natural and applied sciences and related occupations grew by 4,000 (12.1 per cent). This was followed by occupations in manufacturing and utilities which grew by 3,000 (11 per cent). Between 2006 and 2020, natural and applied sciences and related occupations followed by occupations in education, law and social, community and

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[5] *Based on 2016 National Occupation Classification – Statistics (NOC)
**Note: Data for 'Natural resources, agriculture and related production occupations' in this report is subject to high fluctuation in employment numbers and periodic suppression

government services experienced the greatest growth in terms of number of people employed. Over this period of time, these two occupation categories increased by 15,900 and 10,800 employees respectively (Table 8).

**Table 8: Change in Employment by Occupation Category 2019 to 2020 and 2006 to 2020**

| Occupation | Change 2019 to 2020 | % Change 2019 to 2020 | Change 2006 to 2020 | % Change 2006 to 2020 |
|---|---|---|---|---|
| Management occupations | -2,000 | -7% | -100 | 0% |
| Business, finance and administrative occupations | -4,400 | -9% | 2,900 | 7% |
| Natural and applied sciences and related occupations | 4,000 | 12% | 15,900 | 75% |
| Health occupations | 1,900 | 11% | 8,000 | 67% |
| Occupations in education, law and social, community and government services | 2,000 | 6% | 10,800 | 45% |
| Occupations in art, culture, recreation and sport | 300 | 5% | 1,500 | 28% |
| Sales and service occupations | -12,400 | -17% | 1,300 | 2% |
| Trades, transport and equipment operators and related occupations | -7,800 | -15% | 2,500 | 6% |
| Natural resources, agriculture and related production occupations | -800 | -21% | 800 | 36% |
| Occupations in manufacturing and utilities | 3,000 | 11% | -2,200 | -7% |

## People employed in health occupations continues to increase in 2020

Health occupations continue to employ a relatively small percentage of the work force compared to other occupations but it remains one of the occupation with the greatest percentage growth. Health occupations have increased 67 per cent since 2006 starting at an employment of 11,900 in 2006 and finishing 2020 with 19,900 employees (Figure 14).

**Figure 14: Employment in Health Occupations, 2006-2020**
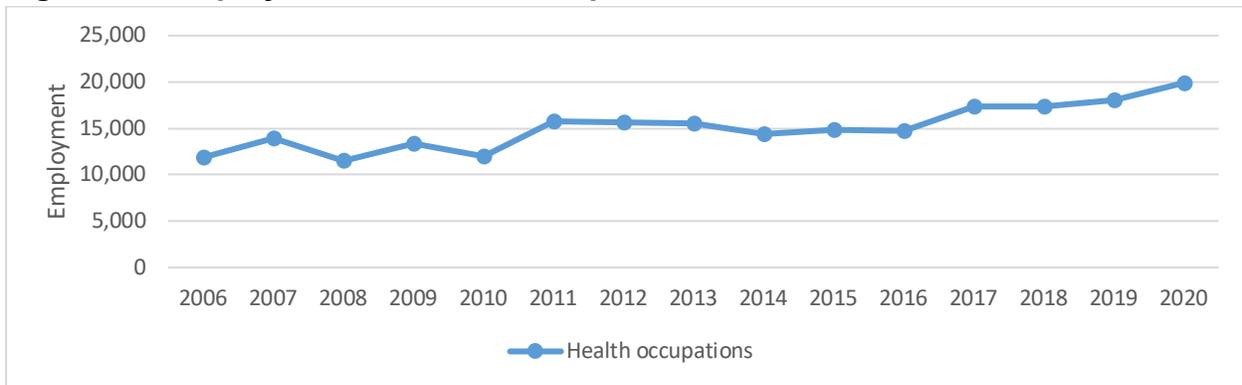


**Manufacturing and utilities occupations rebound in 2020 after 2019 decline**

After seeing a decline of 6,800 people in 2019, occupations in manufacturing and utilities have increased in 2020, adding 3,000 jobs. In 2020 there were 30,200 people employed in manufacturing and utilities occupations compared to 27,200 in 2019. The long term trend still shows a decline in manufacturing employment, which has decreased by 2,200 people since 2006. That being said, there has been a modest increase in manufacturing and utilities employment from 2016 onward with 5,000 jobs added since 2016 (Figure 15).

**Figure 15: Employment in Manufacturing and Utilities Occupations, 2006-2020**
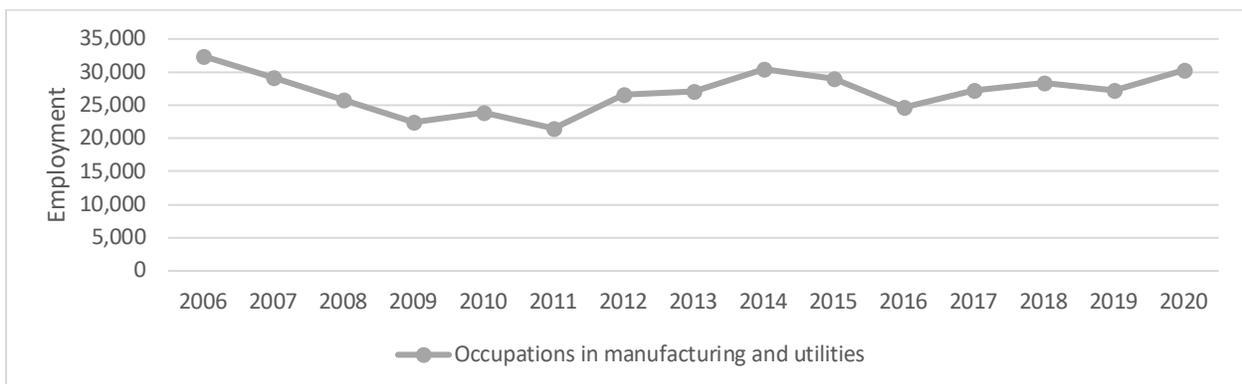


**Long-term trends**

The following section highlights labour and demographic trends over the period of 2006 to 2020 that are continually monitored in this report.

**Working age population continues to increase faster than labour force**

Since 2006, the population aged 15 years and over has grown at a faster rate than the labour force. During this period, the number of people aged 15 years and over

increased from 392,000 to 492,900, an average of almost 7,200 people per year. Over the same period, the number of people in the labour force, either working or looking for work, has only grown by an average of almost 4,200 people per year to its current level of 338,600 (Figure 16). More recently, in the last 5 years, the working age population grew by 50,300 people (between 2016 and 2020 inclusive), while the labour force grew by 29,500 people. Refer to appendix D for the working age population, labour force and employment chart for Ontario.

**Figure 16: The working age population, labour force and employment, in KCW 2006-2020**
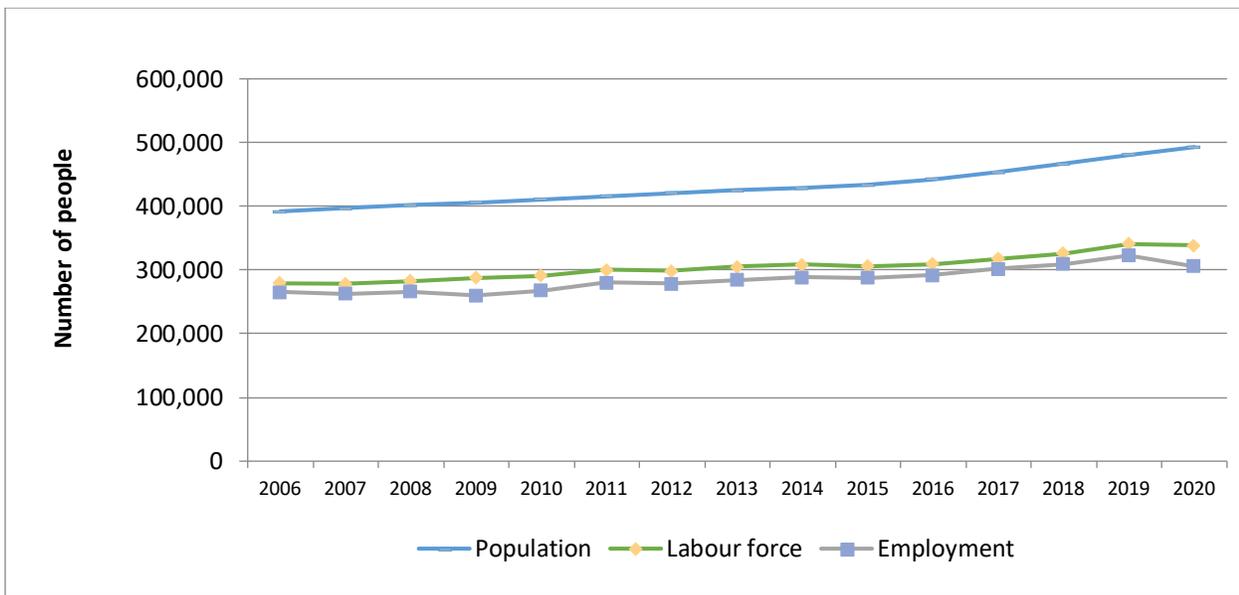


There are several factors that contribute to a working age population increasing faster than the labour force including; an ageing workforce, increasing numbers of students who are furthering their education and postponing their entry into the workforce; and caregivers choosing not to enter the workforce.

The labour force is aging. The high proportion of baby boomers retiring and leaving the workforce is expected to continue until 2030 when the youngest baby boomers reach age 65. Additionally, disability or health-related issues can impact participation in the labour force for older adults. Figure 17 shows that adults ages 65 and over make up the largest proportion of those 'not in the labour force'.

**Figure 17: Not in labour force population, by age group 2006-2020**
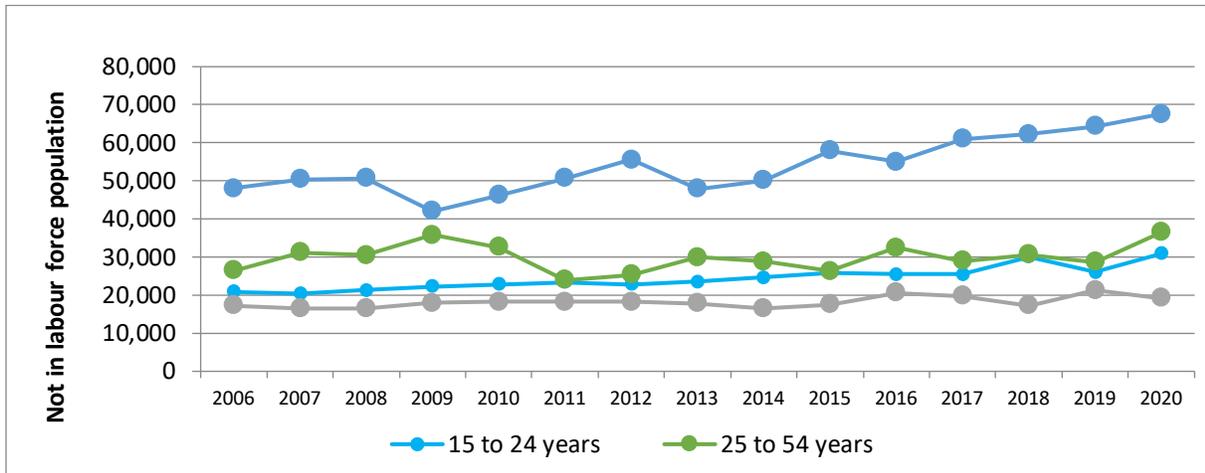


The increase in students and their trend of undertaking further education and thereby postponing their entry into the labour force also contributes to the 'not in labour force' population. Figure 18 shows for Ontario, the increase in students since 2006 and the corresponding 'not in labour force' student population. The number of students in Ontario has grown by 63,000 people from 2006 to 2020. Meanwhile the 'not in the labour force' population has been growing at a faster rate with an increase of 105,300 since 2006.

While the data is not available for the KCW CMA specifically, we know that enrollment at the two universities and college in the Region has grown significantly, particularly in recent years, and it is expected that the 'not in the labour force' student population in the Region would behave similar to the provincial trend.

**Figure 18: 'Total Students' and 'Not in Labour force' student population, age 15-24 years old (Ontario), 2006-2020**
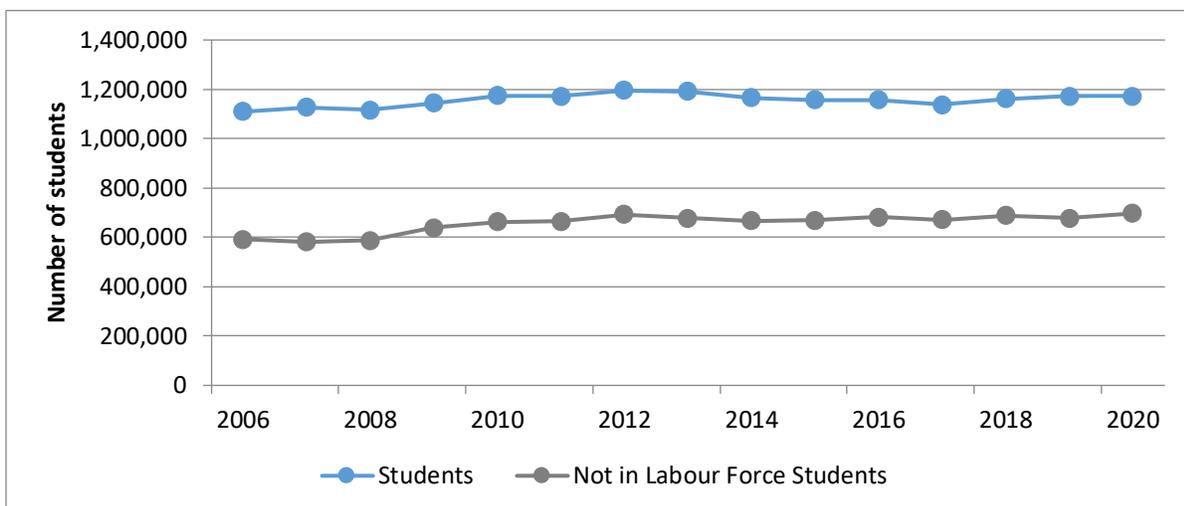
Although the population is aging, and more young people are pursuing further education, the working age population in the KCW is still younger than the provincial average. As shown in Table 9, in KCW, those aged 15-54 years make up 70 per cent of the working age population. In Ontario as a whole, those aged 15-54 only make up 63 per cent of the working age population.

**Table 9: Proportion of working age population based on age category in KCW and Ontario, 2020**

| Age Category | Kitchener-Cambridge-Waterloo CMA | Ontario |
|---|---|---|
| 15 to 24 years | 17% | 15% |
| 25 to 54 years | 53% | 48% |
| 55 to 64 years | 13% | 16% |
| 65 years and over | 17% | 20% |

## Labour force rates decline in 2020

Employment rates declined significantly in 2020 to 62.1 per cent down from 67.1 per cent in 2019. Participation rates also fell, albeit, less significantly to 68.7 per cent down from 70.8 per cent in 2019. These rates represent the lowest on record since 2006 as shown in Figure 19. The sharp decline in labour force rates is a result of the COVID-19 Pandemic and was similarly experience across Ontario and Canada.

**Figure 19: Labour force rates, 2006-2020**
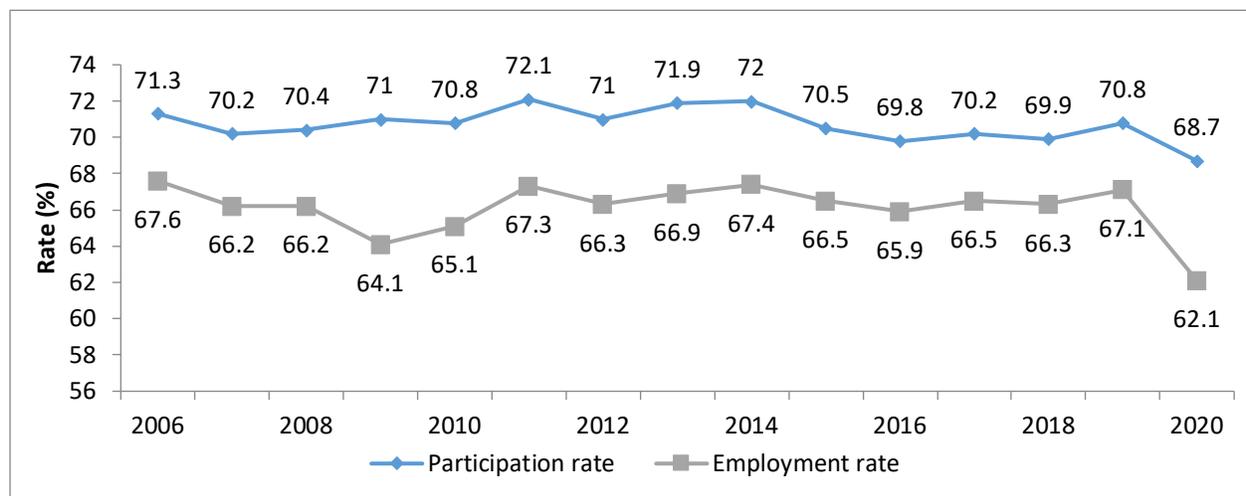


* Axis starts at 56 per cent

## Unemployment rate jumps to highest level since 2009 and is in alignment with Provincial and National rates in 2020

In 2020, the unemployment rate rose 4.3 percentage points to 9.6 per cent (Figure 20). From the height of the recession, the unemployment rate dropped sharply between 2009 and 2011, before declining gradually in the subsequent eight years. In 2020, the unemployment rate rose to its highest point since 2009 as a result of the COVID-19 pandemic. The CMA's unemployment rate has historically remained below provincial and national rates between 2011 and 2019. However, in 2020 the KCW CMA unemployment rate has become aligned with the provincial and national rates.

**Figure 20: Unemployment rates, 2006-2020**
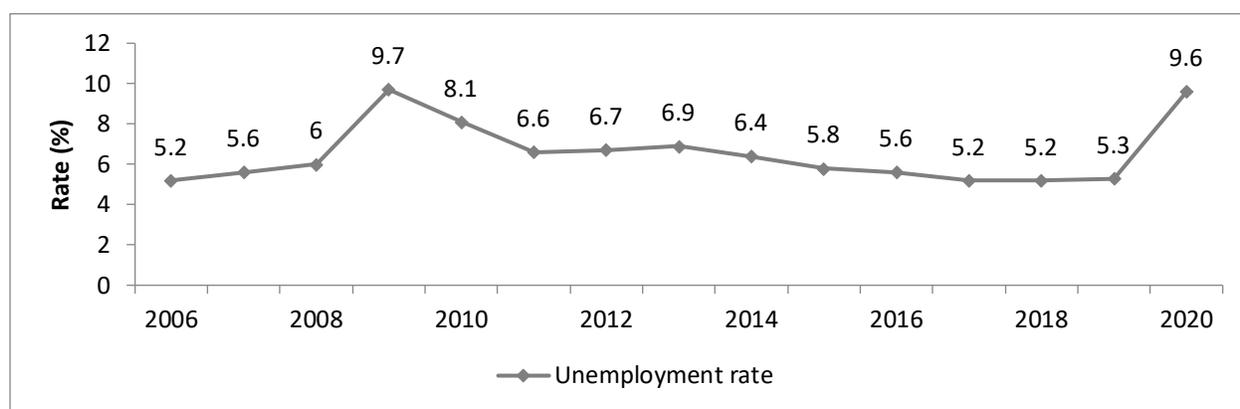


Although the unemployment rate in 2020 was high in the KCW CMA, the Conference Board of Canada has forecasted positive job recovery in 2021 through to 2025 (Table 10). The projections indicate the KCW CMA unemployment rate will recover faster than the provincial and national average, returning to pre-COVID levels by 2025.

**Table 10: Conference Board of Canada Projected Unemployment Rates**

| Year | Canada | Ontario | KCW CMA |
|------|--------|---------|---------|
| 2020 | 9.6 | 9.5 | **10.1** |
| 2021 | 7.6 | 7.2 | **7.1** |
| 2022 | 6.3 | 6.1 | **5.8** |
| 2023 | 6.1 | 6.0 | **5.7** |
| 2024 | 5.9 | 5.7 | **5.5** |
| 2025 | 5.7 | 5.4 | **5.3** |

*forecasts are subject to change and have not been updated to include Township of Wilmot

## Youth employment has greatest decline among age categories in 2020

Since 2006, employment rates for all age categories with the exception of youth (15 to 24 years) have stayed relatively stable or increased until 2020, where all categories experience a decline (excluding 65+). Youth employment rates have trended downwards over time with 2020 having the largest recorded drop out of all categories since 2006 (Figure 21). The youth employment rate dropped from 60.3 per cent in 2019 to 49 per cent in 2020.

**Figure 21: Employment rate by age group, 2006-2020**
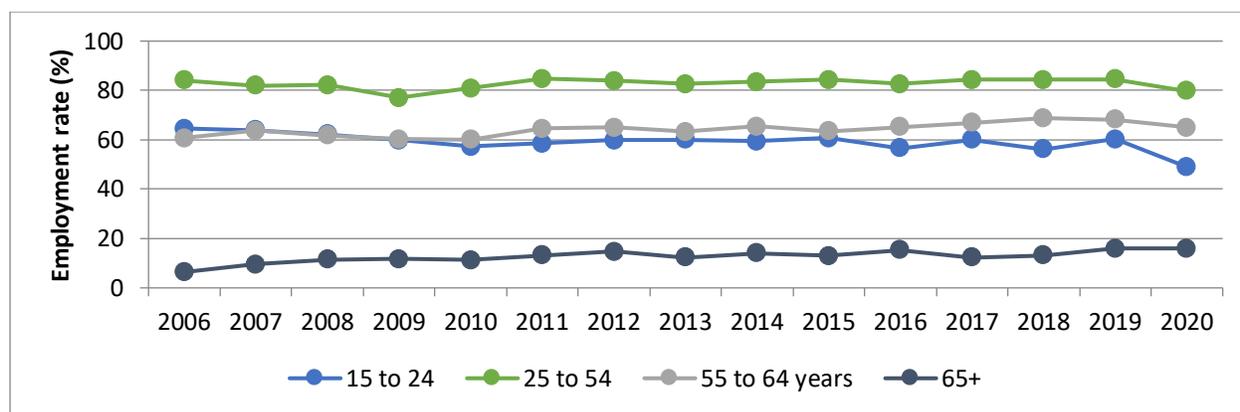


As was the case for the KCW CMA the provincial and national rates of employment for youth age 15 to 24 also declined in 2020 (Table 11).

**Table 11: Youth employment rates (%)**

| Year | Kitchener-Cambridge-Waterloo CMA | Ontario | Canada |
|------|----------------------------------|---------|--------|
| **2018** | 56.2 | 53.0 | 56.3 |
| **2019** | 60.3 | 53.9 | 57.5 |
| **2020** | 49.0 | 45.8 | 49.5 |

As a result of the COVID-19 pandemic, employment rates have dropped across the board for all age categories in 2020 excluding 65+, which was unchanged from last year. The rate for 55 to 64 year olds decreased ending 2020 at 64.9 per cent down from 68.3 per cent in 2019. The rates for those aged 25 to 54 declined to 79.9 per cent down from 84.5 per cent in 2019.

Employment levels by age show growing numbers of older workers in the labour force since 2006.  However, their contribution by population to the total labour force remains

small and has tapered in recent years compared to those 25 to 54 years as shown in Figure 22.

**Figure 22: Employment by age group, 2006-2020**
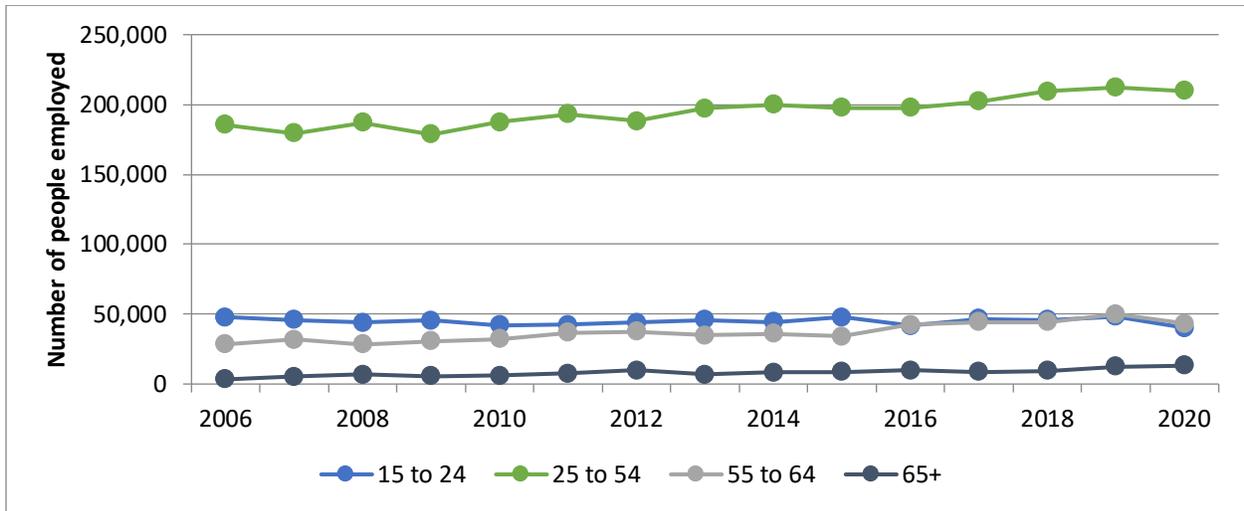


In 2020, the existing gap between youth and overall unemployment rates jumped to its highest level on record since 2006. In 2020, the youth unemployment rate increased by 11.4 per cent whereas the overall unemployment rate only increased by 4.3 per cent. This represent an overall difference of 11.8 percentage points between the two categories (Figure 23). This difference is the highest on record, exceeding the previous high of 8.4 per cent set in 2010 during the recession.

**Figure 23: Youth unemployment, 2006-2020**
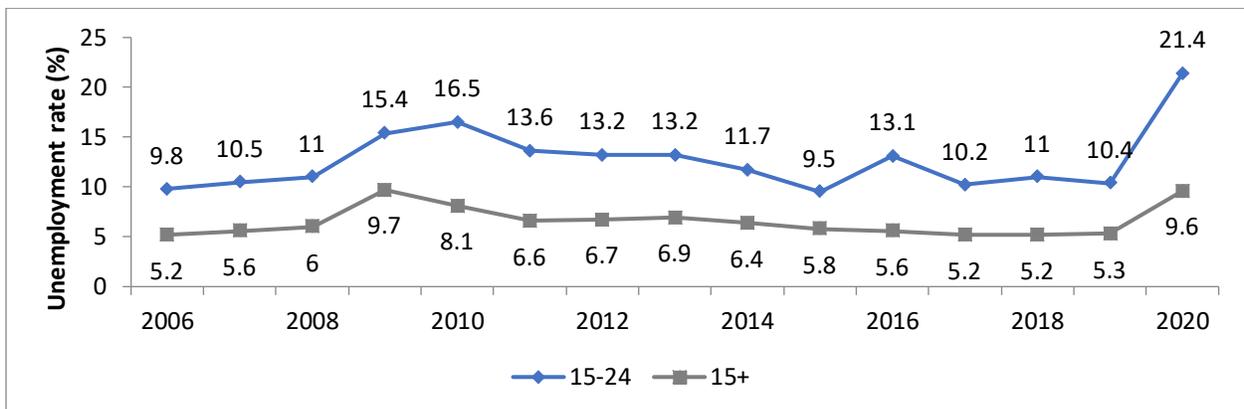


## Older workers continue to outnumber youth workers in 2020

Overall, between 2006 and 2020, older worker employment numbers have been trending upward and for the fifth consecutive year have exceeded youth employment numbers (Figure 24). From 2006 to 2011, youth and older worker employment numbers

began to converge. In 2011, employed individuals aged 55 and over outnumbered those aged 15 to 24 for the first time since 2011 by 2,100 people.  For the next few years (2012 to 2015) the age group with the highest employment numbers varied, however since 2016 older adults have outnumbered 15 to 24 year olds in terms of employment.

**Figure 24: Youth and older worker employment, 2006-2020**
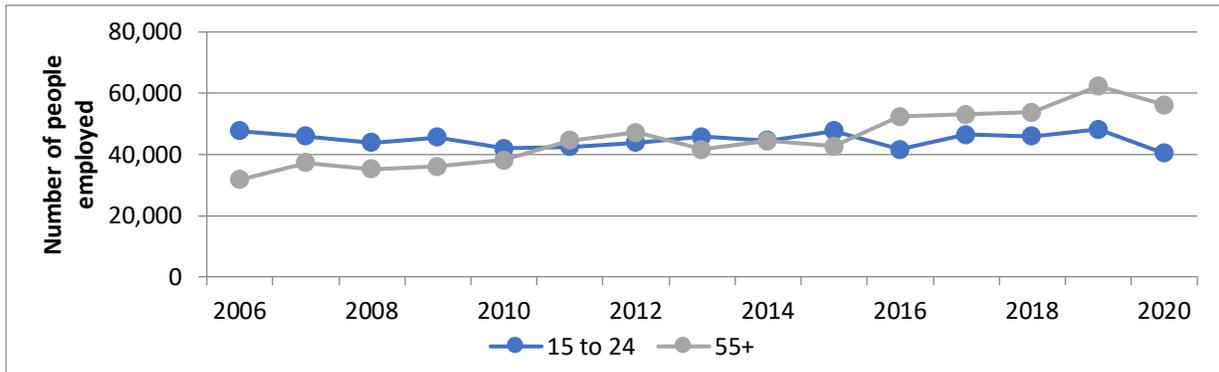


More people in the KCW CMA are working past the age of 55. The number of workers in the 55 to 64 years old and 65 and over age categories have increased by 24,500 since 2006 (Figure 25). In the last year, the number of workers aged 55 to 64 decreased significantly by 6,900 people, while the number of workers aged 65 and over increased by 800 people. Although overall 2020 saw a decline in the older working employment category, the overarching trend from 2006 to 2020 continues to indicate a local labour force with growing numbers of older workers. As these workers retire they will move into the "not in the labour force" segment of the working age population.

**Figure 25: Employment for those 55 and older, 2006-2020**
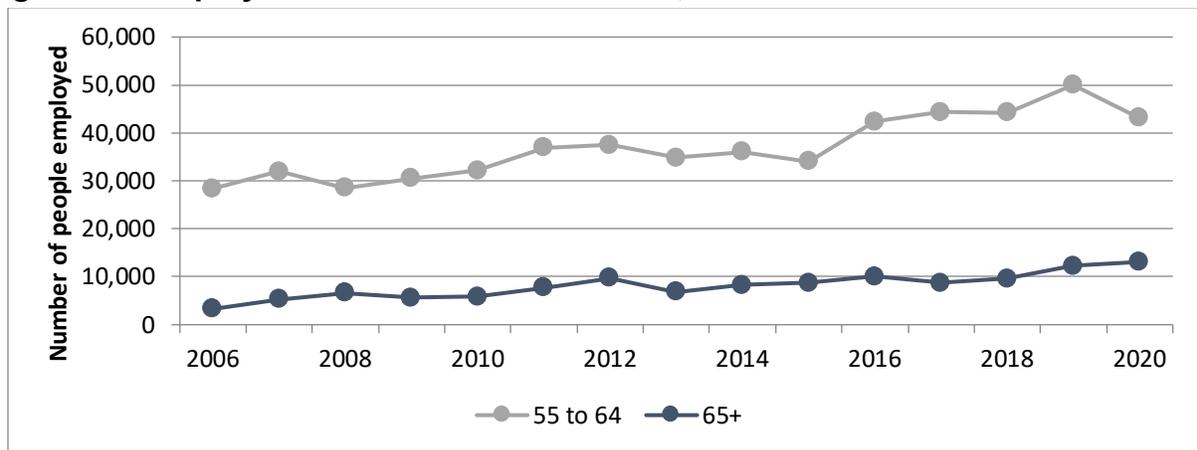
# APPENDIX A

## About the Labour Force Survey

**Sources –** Statistics Canada 20120, Labour Force Survey by Census Metropolitan Area (Annualized); Labour Force Survey by Census Metropolitan Area (Monthly), unadjusted for seasonality.

**Sample Size -** The Statistics Canada Labour Force Survey (LFS) is a nation-wide employment survey producing data on employment, industry and occupation characteristics of the population. The survey uses a sample size of approximately 56,000 private households, or 100,000 people across Canada.

**Geography -** Data from the Labour Force Survey is available at the provincial and Census Metropolitan Area (CMA) geography levels according to 2016 census boundaries. The 2011 Kitchener-Cambridge-Waterloo CMA consists of the cities of Kitchener, Cambridge and Waterloo, as well as the townships of Wilmot, North Dumfries and Woolwich.

**Population -** Labour force estimates presented in this report are for the working age population 15 years and over. At year-end 2020, the LFS estimated population for those aged 15 and over in the KCW CMA was 492,900

**Time Period -** Data presented in this report is annualized, based on unadjusted monthly totals averaged over 12 months. Data in this report may be discussed in single years or blocks of time dating back to 2006.

**Quality –** Data presented in this report is based on annual averages of labour force estimates, and employment by industry and occupation. Response to the LFS is mandatory however Statistics Canada estimates non-response to average 10 per cent of eligible households.

**Significance –** Statistical significance of the annualized estimates presented in this report can be calculated using standard errors (SE) derived from published Statistics Canada Coefficients of Variation for Canadian provinces.  For estimates (i.e. employment, unemployment, not in the labour force) to be statistically significant at a 95 per cent confidence level the growth or decline from the previous year must be twice the calculated SE. Note that all year to year change reported in this document is not considered to be statistically significant and these results should not be interpreted with concern. More meaningful change is that which occurs over a longer period of time.

# APPENDIX B

## Glossary Terms

**Average Annual Growth** – refers to annual growth rates averaged over 14 year period from 2006 to 2020.

**Census Metropolitan Area**—"is formed by one or more adjacent municipalities centred on a population centre (known as the core)." While the Kitchener-Cambridge-Waterloo Census Metropolitan Area (CMA) excludes Wellesley Township, other CMAs include additional cities, townships, and towns. For example, the Hamilton CMA also includes the City of Burlington and the Town of Grimsby.

**Employment rate** – "the number of persons employed expressed as a percentage of the population 15 years of age and over."

**Industry (based on 2012 North American Industry Classification System)** – "refers to the general nature of the business carried out by the employer for whom the respondent works (main job only)."

**Not in Labour Force** - "the number of persons who, during the reference week, were unwilling or unable to offer or supply labour services under conditions existing in their labour markets (this includes persons who were full-time students currently attending school). In 2020, those who were receiving the Canadian Emergency Response Benefit were categorized as being "not in the labour force".

**Occupation (based on 2016 National Occupation Classification – Statistics)** – "refers to the kind of work persons 15 years of age and over were doing during the reference week, as determined by the kind of work reported and the description of the most important duties of the job."

**Participation rate** – "the number of labour force participants [comprised of those who are employed or unemployed] expressed as a percentage of the population 15 years of age and over."

**Unemployment rate** – "the number of unemployed persons expressed as a percentage of the labour force."

# APPENDIX C

## Revisions to the Labour Force Survey

To ensure that the Labour Force Survey (LFS) reflects current labour market conditions as accurately as possible, data are revised following each census to reflect the most recently available population estimates, geographic boundaries, and industry and occupation classifications. This standard revision process results in minor changes to recent and historical LFS data and has little impact on trends in key labour market indicators, such as employment, unemployment, and labour force participation rates.

More details on these revisions are available in the article "The 2021 Revisions of the Labour Force Survey (LFS)," as part of the Improvements to the Labour Force Survey (LFS) (Catalogue number71F0031X) series.

Specifically the Kitchener-Cambridge-Waterloo Census Metropolitan Area (KCW CMA), which historically includes Kitchener, Cambridge, Waterloo, Woolwich, and North Dumfries, has been updated to include Wilmot. Therefore the 2020 Labour Force Report has been adjusted to include the added geography of Wilmot going back to 2006.  In Ontario, there are only two known Labour Force CMA adjustments – the KCW CMA and the Belleville CMA.

# APPENDIX D

# Ontario population, labour force, and employment, 2006 - 2020
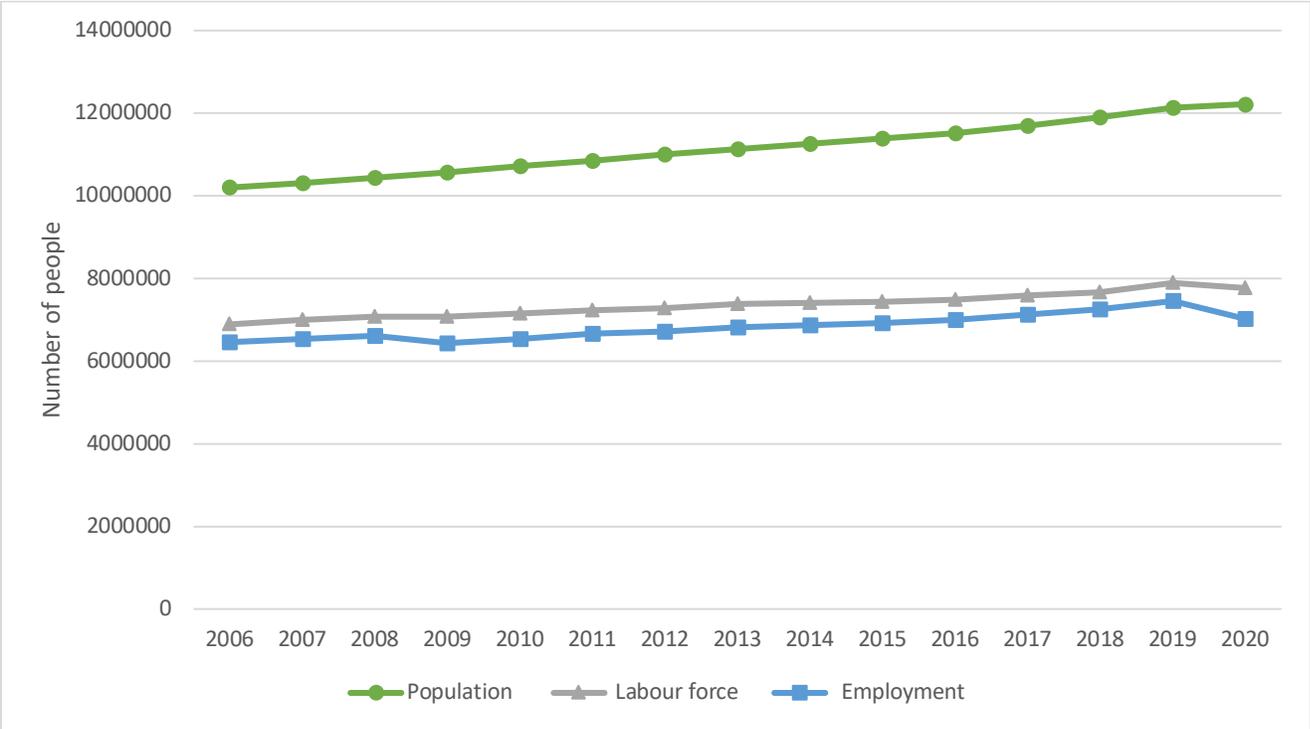
## Monthly Employment Figures by Industry, 2020

| Industry | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Employment Recovery % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Goods-producing sector** | **83,300** | **82,000** | **81,000** | **77,400** | **75,000** | **79,000** | **84,000** | **86,500** | **83,900** | **80,700** | **80,100** | **79,000** | **95%** |
| Agriculture | 3,000 | 2,500 | 2,200 | 1,800 | | | | | 1,700 | 2,000 | 2,300 | 2,400 | **80%** |
| Construction | 23,000 | 21,300 | 19,900 | 19,200 | 18,800 | 20,600 | 20,600 | 20,600 | 20,100 | 20,100 | 21,200 | 20,700 | **90%** |
| Manufacturing | 55,000 | 56,300 | 57,000 | 54,500 | 52,800 | 55,600 | 60,800 | 63,100 | 60,700 | 57,200 | 55,200 | 54,600 | **99%** |
| **Services-producing sector** | **241,300** | **245,600** | **244,500** | **232,200** | **216,200** | **204,900** | **204,900** | **210,300** | **218,200** | **227,200** | **230,800** | **234,200** | **97%** |
| Wholesale and retail trade | 45,900 | 48,600 | 49,800 | 47,800 | 46,100 | 43,400 | 43,500 | 42,900 | 43,100 | 44,100 | 44,100 | 45,600 | **99%** |
| Transportation and warehousing | 14,700 | 14,200 | 12,700 | 10,800 | 9,800 | 8,400 | 8,700 | 9,400 | 12,000 | 14,200 | 15,800 | 17,900 | **122%** |
| Finance, insurance, real estate, rental and leasing | 24,500 | 24,400 | 25,400 | 24,400 | 23,600 | 22,300 | 22,900 | 23,500 | 22,000 | 20,200 | 18,700 | 20,300 | **83%** |
| Professional, scientific and technical services | 26,000 | 26,000 | 27,500 | 29,100 | 29,300 | 27,800 | 26,500 | 26,500 | 27,500 | 28,900 | 30,100 | 30,400 | **117%** |
| Business, building and other support services | 11,500 | 11,300 | 10,400 | 9,600 | 8,900 | 9,900 | 10,200 | 10,300 | 9,700 | 10,000 | 10,200 | 10,100 | **88%** |
| Educational services | 35,600 | 37,000 | 36,800 | 34,400 | 30,400 | 27,900 | 25,000 | 23,000 | 23,200 | 25,600 | 28,000 | 28,200 | **79%** |
| Health care and social assistance | 27,300 | 28,400 | 27,500 | 26,300 | 25,100 | 25,800 | 28,800 | 33,300 | 37,100 | 38,400 | 37,000 | 34,900 | **128%** |
| Information, culture and recreation | 13,700 | 13,600 | 14,500 | 14,700 | 13,800 | 13,200 | 11,500 | 10,900 | 10,100 | 10,400 | 10,000 | 9,700 | **71%** |
| Accommodation and food services | 17,900 | 17,900 | 17,200 | 15,500 | 13,600 | 12,900 | 13,500 | 12,800 | 12,100 | 11,100 | 10,200 | 9,300 | **52%** |
| Other services | 13,300 | 12,500 | 11,200 | 9,300 | 7,200 | 6,400 | 7,500 | 9,800 | 11,900 | 13,400 | 14,200 | 14,400 | **108%** |
| Public administration | 10,900 | 11,500 | 11,400 | 10,200 | 8,500 | 7,000 | 6,700 | 7,900 | 9,500 | 10,900 | 12,500 | 13,400 | **123%** |