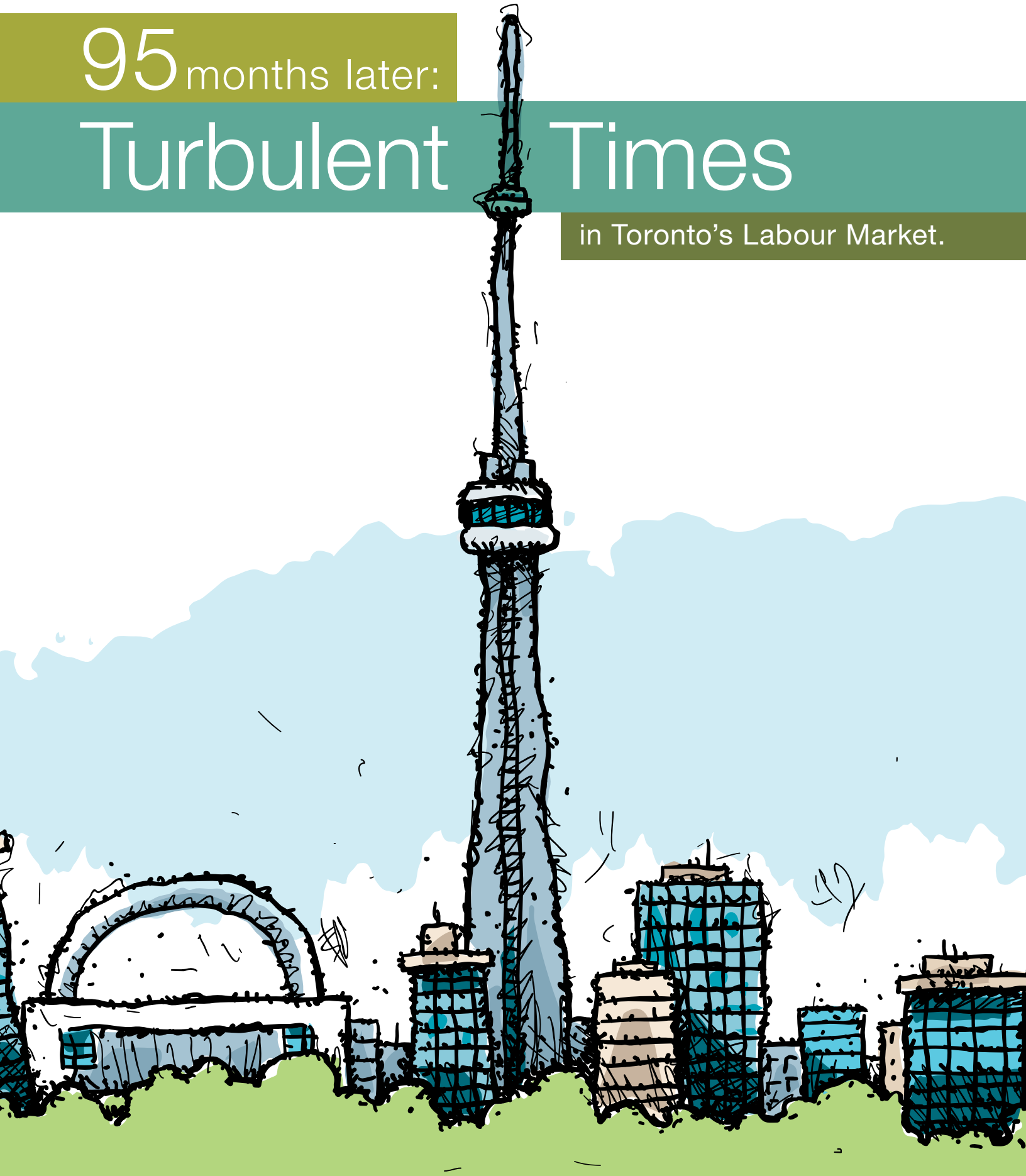
95 months later:

Turbulent Times

in Toronto's Labour Market.



About Toronto Workforce Innovation Group

Toronto Workforce Innovation Group is Toronto's Workforce Planning Board. We conduct research, disseminate information and convene stakeholders to address workforce development trends, gaps and opportunities. Among similar organizations in Toronto, our multi-stakeholder approach is unique; we work on issues across many sectors and engage stakeholders from a wide range of perspectives. Our research is an on-going and continuous process that includes our numerous consultations and focus groups with employment/training service providers and job seekers in addition to the deep data dive that informs this report. TWIG achieves its mandate through:

- Researching, analyzing and reporting on workforce development trends, gaps and opportunities in Toronto.
- Acting as a resource to inform our stakeholders (community groups, educators and trainers, employers, governments, labour groups and media) about Toronto's workforce development issues.

Acknowledgments

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95 Months Later

Turbulent Times in Toronto's Labour Market.

Foreword

In the past 95 months, from October 2007 to October 2015, Toronto's economy experienced a great deal of turbulence: unemployment going up, unemployment going down, jobs created, jobs lost, booming construction but very few new construction jobs. Gridlock on the roads and road blocks to building new transit infrastructure.

This is a city of contrasts and extremes. The City of Toronto's population is projected to rise from 2.77 million in 2013 to 3.64 million in 2041. The growth of other regional municipalities will add an additional 2.1 million people to the GTA. Yet our collective ability to attract and keep newcomers, youth, and families is shrinking due to dramatically rising property values, growing income disparity and the lack of affordable housing.

The recession of 2008 hit Toronto hard and the city has not entirely recovered. Toronto now has the highest levels of child poverty, the highest incidence of precarious employment, and the most dramatic differences in income between those in the knowledge economy and those in the service economy in Canada. The Martin Institute of Prosperity estimates that over 200,000 people in the city of Toronto work for the provincially-mandated minimum wage. The Toronto and York Region Labour Council noted several years ago that over 1,000,000 working Torontonians are living below the poverty level. Many of these workers live in parts of Toronto's inner suburbs where more than 50% are working in service sector jobs characterized by low wages with little opportunity for training or advancement. While Toronto has seen an increase in employment almost back to pre-recession levels, unemployment and low-wage work is still high among youth, immigrants, and racialized Torontonians. These signs point to an ever-widening gap between sectors of the population and layers of the economy.

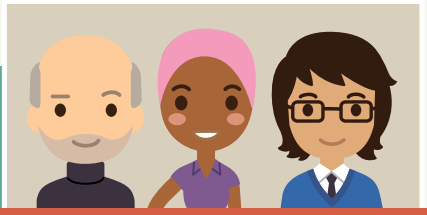
In this report we try to shed light on some of these seemingly impossible contradictions. How is it possible that in the midst of so much there are so many that have so little? What the numbers tell us is only part of the puzzle, other elements that make up this disturbing picture are the lack of coordination among the many levels of government whose economic and social policies impact Toronto and the frequent policy and program mismatches. One of the most glaring areas calling for improvement is in our workforce development systems and strategies.

Toronto is Canada's largest metropolis, a glowing, growing center of arts and culture, commerce and industry. Our arts and culture sector attracts more ticket purchases than our sports and recreation, tickets to Blue Jays play-off games not included. Toronto's economy needs to regain its balance to manage in the turbulence.

Karen Lior

Executive Director
Toronto Workforce Innovation Group

Introduction



Less than a decade, but so much has changed.

In December 2007, Torontonians were lining up to buy our first iPhones, Drake was still on Degrassi High, Twitter had just signed on its 100,000th user and Leafs fans were lamenting the team was in another rebuilding mode. The city was in the midst of a decade of strong economic development with an annual growth rate of over 3 percent. Although uneven, residents for the most part seemed to be sharing in the city's prosperity, with average earnings increasing and unemployment at only 6.6 percent. Yet everything was about to change.

Workers and employers in Toronto, as in so many other communities, would soon face a period with new labour market realities and uncertainties. Over the next three years, tens of thousands of jobs would be shed across the Toronto region; unemployment would jump into double digits, and the regional GDP would remain stagnant. The effects of the recession, in tandem with pervasive and rapid technological changes, have forever transformed the economic environment of workers, job seekers, businesses, educational institutions, and government.

Ninety-five months have passed since the start of the recession.[1] Although the economic recovery has been tepid, regional GDP rates and job growth have returned to more traditional levels. Yet it is clear that today's labour market in Toronto is very different from the one of December 2007. Numerous reports have documented the challenges in Toronto's labour market, and various narratives have emerged that describe these changes. However, many questions remain.

We know that youth unemployment is a serious problem in Toronto. But exactly "which" youth are having difficulties gaining a toehold in the labour market? Are prime, working-age adults and older workers facing employment challenges? Precarious employment and low incomes are a reality for many Torontonians. We know that many are newcomers and women, but what are the educational, age and other characteristics of these Torontonians? Finally, over the past few years, concerns were raised about the labour market outcomes and earning trajectories of young university and college graduates. Are these concerns valid over time?

To see how employment and earnings have changed since 2007, we examined Labour Force Survey and other relevant data for both the City of Toronto and the Toronto CMA[2]. The data only tells part of the story. Over the past five months, we met with a variety of employment program providers and practitioners, many of whom are currently struggling to find the right supports for the right job seeker. It is no easy task.

Perhaps more importantly, we talked to nearly 100 job seekers from across the city about their lived experiences. They came from all walks of life with varying levels of education, experience and cultural backgrounds. A few of these workers were looking for their first job; some were in the midst of a mid-life career change; others were looking for some form of employment to bridge themselves into retirement.

Many of these job seekers were quite hopeful about their future prospects. Some had clear pathways into work and saw their current employment challenge as a temporary measure. But we also encountered numerous job seekers who felt hopeless and defeated.

Clearly, the shape of today's labour market has changed since December 2007. While earnings have kept pace with inflation, and average hours worked per week have remained similar, the way they are distributed across various populations by age, gender and educational attainment is very different. With that in mind, a number of themes and details arise from a comparative analysis of Toronto's current labour market with that of 2007:

- Young women with less than a university education are not faring well in Toronto's new economy. Earnings are down, unemployment is up and labour force participation rates have declined.
- Working age Torontonians, both male and female, whose education is high school or less, face a very bleak Toronto labour market across all age groups. There has been a

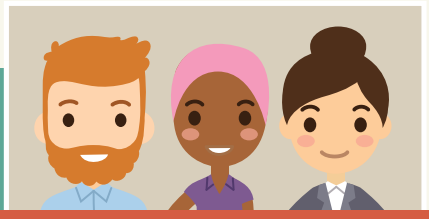
significant decline in labour force participation rates for those with high school or less under the age of 55.

- Individual human capital investments are beneficial in Toronto. Despite growing concerns about the value of a university education, earnings are up while employment rates have remained relatively steady. A young university graduate will have much higher hourly earnings than a 55 to 65 worker with an education of high school or less.
- A smaller proportion of older workers are unemployed than in other age groups; but if they lose their job, the duration of unemployment is much longer than for young or prime working-age adults.

While this report raises more questions than it answers, it is important to determine what labour force challenges for whom warrant further attention and exploration. Finally, and perhaps most importantly, this report reminds us that eight years after the start of the 2008 recession, the benefits of an improving Toronto economy have not reached everyone. We often think of Rick, a 50-year-old man we talked to from Rexdale. He was laid off from a construction warehouse in late 2007 after the implementation of a computerized inventory program made his job redundant. Rick thought he would have no problem getting new employment. Since then, he has been to many employment workshops, recreated his résumé an untold number of times, and has been to dozens of interviews. He is still looking for a job, ninety-five months later.

Toronto's

Labour Market:



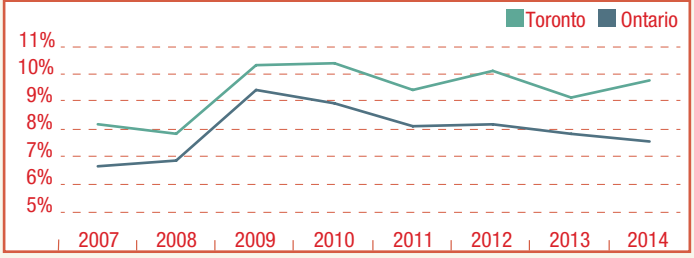
What has changed?

By most measures, Toronto in 2015 is a great place to work and live. Our city's economy is among the fastest growing in North America. Toronto is considered one of the most livable cities in the world and has a comparatively well-educated and diverse workforce. Construction of housing and high-rises continues to boom, retail sales have gone up, while inflation and immigration remain steady. Toronto is expected to make significant strides in driving the province's economic growth over the next decade.

The Conference Board of Canada projects the city's economy will continue to expand at an even pace over the coming years due to low interest rates, falling oil prices, and a weaker dollar[3]. These are seemingly all the necessary ingredients to predict a strong and prosperous future well into the next decade. Additionally, unlike most other regions of the province that are struggling with labour shortages as large cohorts of baby boomers age into retirement, Toronto will remain relatively young as the city's median age is well below the provincial average due to ongoing immigration. Indeed, any business or industry sector looking to grow in the province will logically look towards the Greater Toronto Area (GTA) for its workforce needs.

However, the ongoing and projected growth in Toronto's economy has not translated into an equal level of job creation. Although Toronto's employment has grown by an average of 1.5 percent annually since 2008, the pace of job growth was barely enough to absorb new entrants into the labour force supplied by the region's continuing strong population growth[4]. Recent unemployment rates have moved below the double digit levels of the last recession, yet over the past several years they continued to fluctuate between seven and ten percent, well above what economists consider "full employment",[5] and higher than for the period of 1999 to 2007 in which unemployment rates drifted between six and eight percent.

Chart 1: Annual average unemployment rate in Toronto and Ontario



Source: Labour Force Survey 2015, City of Toronto and Provincial Data 2007-2014 Yearly Average Unemployment Rate

Jobs, Unemployment and Earnings[6]

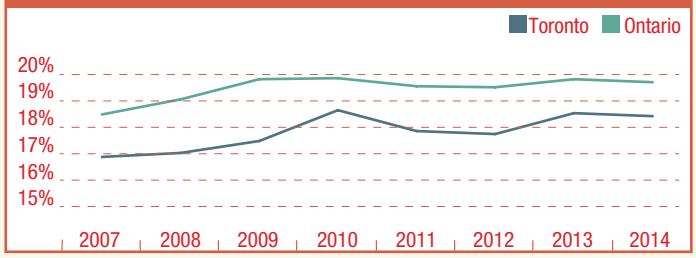
The shift towards temporary and precarious employment in Toronto during the recessionary and post recessionary periods is well documented[7]. An Economy Out of Shape: Changing the Hourglass, researched and written for the Toronto Workforce Innovation Group (Zizys 2010), took note of an Ontario and Toronto labour market that was moving towards an hourglass shape, with an increasing proportion of jobs at both ends of the labour market.[8] Simply stated, while Toronto has a high proportion of well-paying knowledge jobs, we also have a significant number of lower-skilled and lower paid jobs.

The Precarity Penalty, a report released in 2015 by the Poverty and Employment Precarity in Southern Ontario (PEPSO) project looked at the impact of rising precarious employment in the GTHA (Greater Toronto Hamilton Area). The report notes that precarious employment continues to rise and take a toll on workers. Temporary employment increased by 17% in the region between 2011 and 2014 and less than half of GTHA workers have permanent, full-time employment with benefits. The report understands precarious employment as part of a worrying trend and part of a new normal. A report from TD Economics, Precarious Employment in Canada: Does the Evidence Square with the Anecdotes, was more optimistic, suggesting that while precarious employment is higher than it was before the 2008 recession, it is roughly where it was in the mid-2000s. TD Economics forecasts that precarious work will begin to decline by 2017 due to improved economic conditions and a tightening of the labour market.

Part-time and Full-time Work

Regardless of the debate about the long-term trends in employment and precarity of work, Labour Force Survey data indicates that while Toronto's labour force has moved towards more part-time work (as a proportion of the labour force), the movement has been marginal but noteworthy. The average hours worked by an employed individual in the City of Toronto declined slightly[9] from 2007, while the percentage of the labour force working part-time has only increased by 1%. However, the gender composition of part-time work is changing with number of males working part-time increased by approximately 30,000 from 2007 to 2014.[10]

Chart 2: Percentage of labour force working part-time



Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Average Part-Time Labour Force Employment Rate

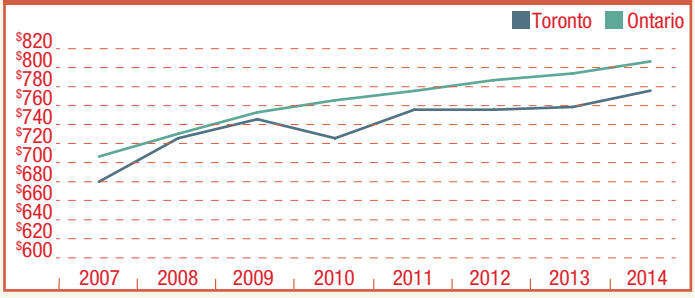
Toronto's creep towards part-time employment reflects a general trend in both Canada and Ontario. Researchers and economists see several contributing factors for the shift. First, they see increased numbers of older workers returning to the workforce in part-time jobs. The participation rate among those 55 and older has been rising steadily since 2007, and Toronto is no exception. As a share of all part-time jobs, that demographic now represents about eight per cent of part-time workers, double what it was eight years ago. CIBC Economist Andrew Grantham notes, "As demographics continue to shift toward an older population, we may start to see more part-time employment gains than we have in the past.[11]" While this view may hold true, a careful examination of Toronto LFS data indicates that part-time work increased slightly across all age groups in the city from 2007 to 2015.[12] Others see (as discussed in The Precarity Penalty and in the Canadian Centre for Policy Alternatives' 2014 publication, Seismic Shift) the use of part-time labour by employers as a way of replacing full-time positions with their accompanying costs.

> "I'm so tired of putting together a bunch of part-time jobs. I sometimes work nights or too many days in a row, just to get enough money into the house. I really need something steady like an office job so I can pull my life together."
>
> *Marina, Job Seeker and Single Mom.*

Beneath the layers of statistics about part-time and full-time work, there is a suggestion that labour markets in Canada are encountering higher levels of "churn", or turnover of employees, than in the past. Labour market churn can be caused by involuntary turnover (e.g., layoffs, dismissals, redundancies) or voluntary turnover caused by an employee-initiated departure (e.g., another job, retirement, leave of absence). While no Toronto data is publicly available for local labour market "churn", the Conference Board of Canada reports that since the end of the recession in 2010, involuntary turnover has declined while voluntary turnover has increased by 1 percent across the country. While we cannot be sure that similar dimensions exist in the Toronto labour market, a number of American studies indicate that in a post-recession world (where few employers showed loyalty to their workforce), the relationship between employer and employee has been shifting. In particular (but not exclusively), well-educated and younger workers have a greater focus on career mobility and a greater pace of career development than previous generations.[13]

> "I am constantly moving my life in search of happiness, satisfaction, and what works best for me. I have tons of skills and have worked in law, journalism, media, marketing, and communications. I am not afraid of the job market; I wouldn't even mind trying my hand as a cook."
>
> *Manuel, Job Seeker, 28 years*

Chart 3: Median pre-tax weekly income



Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Median Pre-Tax Weekly Income

While median pre-tax income continues to rise across Toronto (see Chart 3), share of income growth has been uneven. And, despite the high cost of living in Toronto, median incomes for the city still lag behind the provincial median (approximately $30 per week in both the 2007 and 2014 data).

As the recent 2015 Vital Signs report (Toronto Community Foundation) highlights "The Region's gap between the richest 1% and the rest is the second biggest in Canada, and income inequality among Toronto's households is growing at twice the national average." However, while gender, geography,

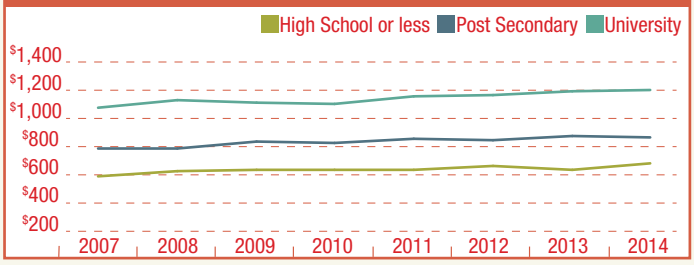
experience, and culture all play a role in what Torontonians earn, by far the biggest determinant is education.

Unemployment, Earnings and Educational Attainment

In Toronto, as in other similar jurisdictions; education, earnings and employment go hand in hand. The issue of rising income inequality in Toronto is widely commented on. However what has not been as extensively discussed is the role that educational attainment plays in these disparities. Data derived from the Labour Force Survey and Ontario Works suggests that we have two different Toronto's, separated by educational achievement.

Chart 4 shows a significant relationship between income levels and educational attainment across Toronto. The higher the education level, the higher the income. A university graduate makes almost twice as much as a person with no post-secondary education and nearly thirty percent more than someone with a (non-university) post-secondary diploma or certificate. Despite some commonly held perceptions, this ratio has held true from 2007 to 2014 over time.

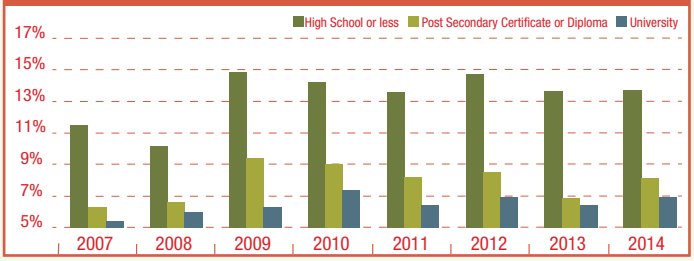
Chart 4: Average pre-tax weekly income by educational attainment



Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Average Pre-Tax Weekly Income

Chart 5 demonstrates Toronto unemployment rates and educational attainment are strongly correlated. The better educated, the lower the unemployment rate. This result is consistent over the 2007 – 2014 time intervals and is statistically significant. These figures strongly suggest that regardless of the economic conditions, there is smaller demand for less educated workers, and greater demand for more educated workers. This indicates rising wages for workers in demand (high educational attainment), and weak-to-flat wages for workers not in demand (lower educational attainment). As the data clearly illustrates, it is better to be a well-educated worker in a recession than a less educated worker in period of robust economic growth. It could be argued for workers with education levels of high school or less, the economy is always in a recession, providing fewer and fewer positions. In fact, for Ontario, over the first eight months of 2015, employment increased by 45,600 for adults 25 years and over compared to the same period in 2014. All of the job gains were concentrated among those with post-secondary credentials. Over the same period, employment rose by a strong 82,500 for adults with a university degree and 54,300 for those with certificates or diplomas. Conversely, there were 91,300 fewer adults without post-secondary credentials employed compared with a year earlier.[14] Of course, all good jobs do not require a university or college credential, but as manufacturing occupations recede from Toronto's economy, increasingly some form of post-secondary degree, diploma, or work-related certificate is necessary in order to earn enough to support a family.

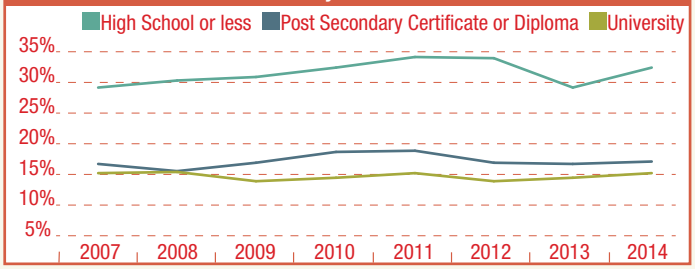
Chart 5: Unemployment rate by educational attainment



Source: Labour Force Survey 2015, City of Toronto Data 200-2014 Yearly Average Unemployment Rate

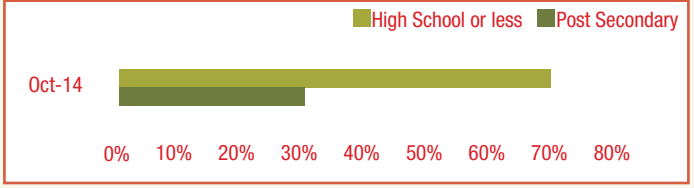
As expected, here is a direct correlation between educational attainment levels and the likelihood of an individual being out of the labour force or being in receipt of Ontario Works.

Chart 6: Percentage of the population aged 20-64 out of the labour force by educational attainment



Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Average Out of the Labour Force Rate

Chart 7: Educational attainment head of households applying for or receiving OW

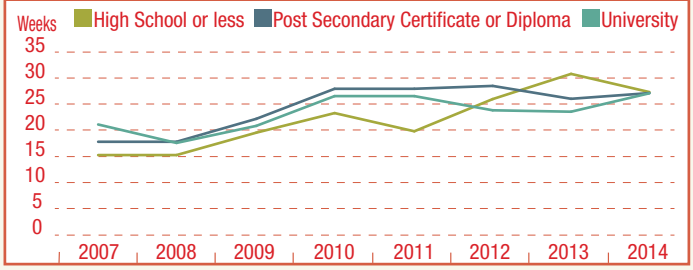


Source: OW Data December 2007 and October 2014 Montly Average

Historically, conventional wisdom has said; the higher the level of education, the longer it takes to become employed. The concept being that individuals with lower educational attainment will always be able to find employment relatively quickly in "high-churn" industries requiring "lower-skilled" workers, while more highly educated individuals need time to

find employment commensurate with their skill sets. The chart below turns this conventional wisdom on its heels, as those job seekers with high school attainment or less having just as long (or longer) periods of unemployment than their more educated counterparts. There may be a number of explanations for this phenomenon. First, higher skilled job seekers may be displacing lower skilled job seekers from the occupations they have traditionally occupied (for example, the university-educated barista at one of the legion of coffee shops in Toronto). Alternatively, the trend could represent a more fundamental shift in the types of jobs available in Toronto, or the skills required to function adequately in these occupations (skill biased technological change).[15] This emergent trend may warrant attention and further exploration.

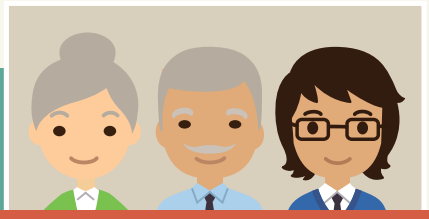
Chart 8: Average number of weeks unemployed by educational attainment



Source: Labour Force Survey 2015, City of Toronto Data 2014-2015 Yearly Average Weeks Unemployed

The above data on earnings, employment rates, duration of unemployment and labour force participation holds true regardless of age or gender. Statistically, in Toronto, those with low educational attainment drift between recessions and depressions, with little economic stability. Those with high educational attainment have positive earning trajectories, and are far less likely to be in need of government income assistance.

Educational Attainment



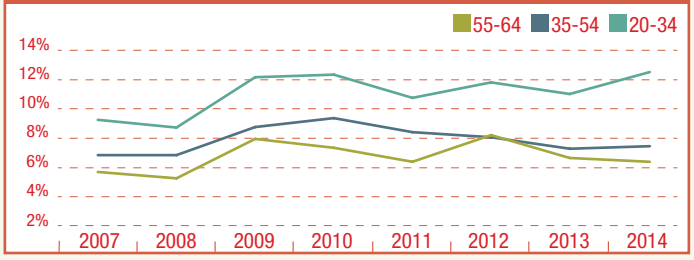
Age and Earnings

WORKERS 20-34

> "I have no idea what I want to do. Maybe design video games? I'd like that. Do you think I need to complete my GED to get into this type of job?"
> *Chris, 24 year old job seeker.*

There is no denying that youth unemployment is a serious problem in Toronto. Historically, youth unemployment rates are several percentage points above those for the rest of the population. Indeed, as seen in Chart 9 below, while employment rates for other groups in Toronto have consistently declined since 2012, youth unemployment has stubbornly remained well above 10 percent.

Chart 9: Unemployment rate by age group



Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Average Unemployment Rate

There has been some conjecture indicating much, or at least some, of the problem is that youth are over educated: "The fact is that too many youth are attending university, and there are too few openings for jobs that require university degrees."[16] This seems to be a common sentiment among many, and during our focus groups with employment practitioners, we heard a variety of stories about cousins, nieces, sons, daughters, etc. who are university educated and are having problems becoming employed or are currently underemployed.

While there may be some merit to further exploring the underemployment of university or college graduates in the context of Toronto's labour market, this notion does not play out in Toronto LFS data or a recent Stats Canada study. Economic Insights – Labour Market Outcomes of Young Postsecondary Graduates reports: "There was no substantial deterioration in the earnings and employment patterns of young postsecondary graduates between 2005 and 2012 — a period that included the economic recession of 2008 and 2009."[17]

An additional study found similar results when graduates from Science, Technology, Engineering and Math (STEM) programs were compared to non-STEM graduates. The recent paper prepared by The Council of Canadian Academies, Some Assembly Required: STEM Skills and Canada's Economic Productivity (2015) found that: "Although there are some persistent differences in earnings levels between some STEM and non-STEM graduates, these differences depend a lot on subfield of STEM, level of education, and gender. Furthermore, these earnings are not growing faster for STEM graduates than non-STEM graduates over the long term."[18] Furthermore, in our analysis of Toronto LFS data, the inflation adjusted earnings of university graduates increased slightly when the two time periods are compared.

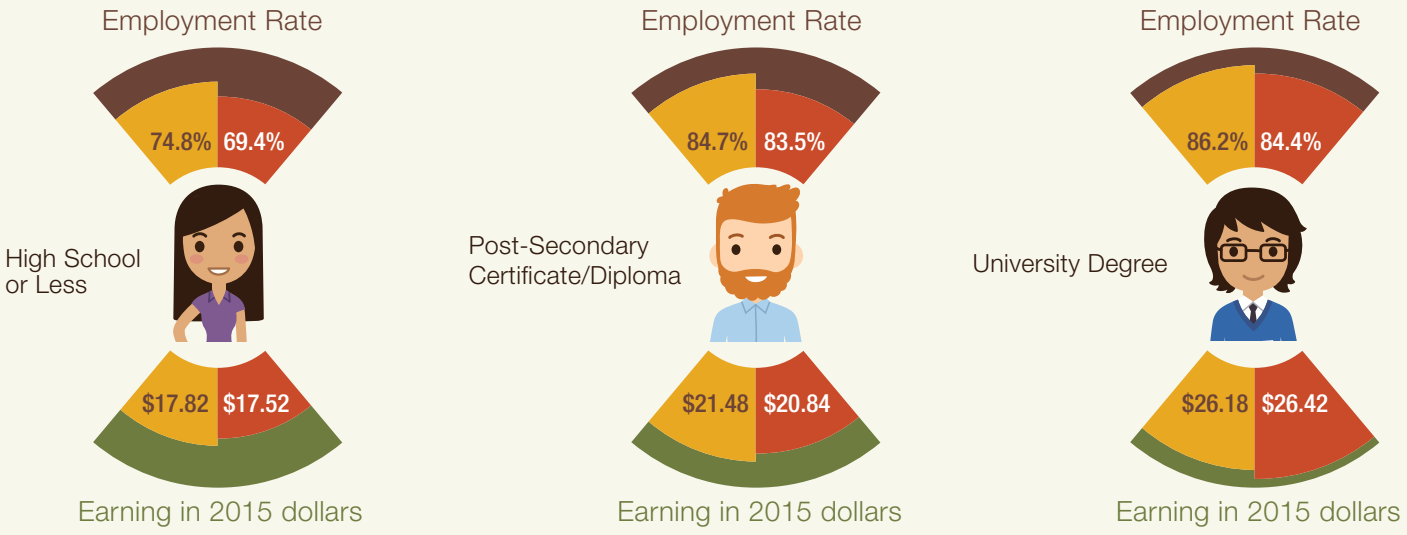
Certainly, the Toronto CMA LFS data reveals that, for the most part, earnings and employment rates only declined slightly across all workers 20-34 years of age from 2007 to 2014. There are, however, several points of departure that arise when the two sets of Toronto LFS data are compared:

- When results for youth with high school attainment or less are disaggregated by gender it becomes evident that young women have seen real wages decline by almost a dollar an hour; their unemployment was up by over 2%; and labour force participation rates declined by 5% since 2007.
- The percentage of youth with high school attainment or less "not in the labour force" has risen by over 3% during the time interval of 2007 – 2014. This could be attributable to a number of factors that may be worth exploring further.

Our focus groups and interviews with young job seekers were primarily comprised of individuals who did not have high school attainment and, for the most part, had few realistic employment goals. Most participants were on some form of government assistance. From these focus groups, several themes emerged. These young people seemed to have:

- Minimal desire to upgrade their education (GED or High School Diploma) or obtain an occupationally specific certificate.
- Little or no understanding of the Toronto job market or the options available to them and a knowledge gap about what kinds of skills employers wanted.
- A significant disconnect between their future career aspirations and the types of education and training required to achieve these aspirations.
- Multiple barriers, aside from education, to employment including mental health, motivation, housing, etc.

WORKERS 20-34



WORKERS 35-54

> I was a computerized accountant in Jamaica. Sure, I've worked in a downtown hotel for a couple of years to make ends meet, but I have been taking various courses to advance. I think I have some pretty good career prospects, but for now I just got to find a job to support my three kids.
>
> *Selena, recent immigrant and mother.*

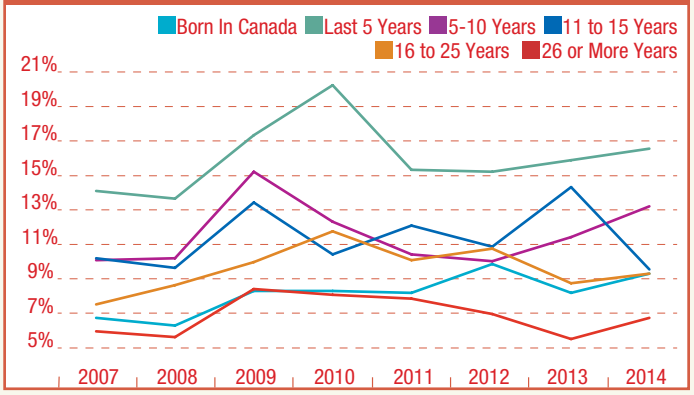
The unemployment rate for workers aged 35 to 54 has come down from its high of 8.4% in July of 2010, and is now closer to historical norms. While there is some cause for relief in these figures, there is another number that is less noticed. To count as unemployed, an individual has to be looking for work, but more individuals are reporting they are out of the labour force, unwilling or unable to look for work.

While overall participation rates have declined across all age groups since 2007, which can be attributed to retirement or attending school, there is suspicion that some individuals have given up looking for work. Of particular concern is the decline in participation rates for men and women in their core working years (35 to 54). In Toronto, for those with high school education or less, labour force participation rates have fallen from 82.6 percent to 78.6 percent. The number is particularly stark for women in this age group whose participation rates have fallen to 73.3 percent. What is behind these numbers is not clear, but it is probably not a positive sign.

Educational Attainment by Labour Force Status (Toronto CMA, Non-Students) 2014	
Age Group: 20-34	Not in Labour Force
High School or Less	18.9%
Post-Secondary Certificate or Diploma	9.1%
University	8.0%
Age Group 35-54	
High School or Less	22.4%
Post-Secondary Certificate or Diploma	10.8%
University	9.7%
Age Group 55-65	
High School or Less	38.7%
Post-Secondary Certificate or Diploma	23.8%
University	23.5%

Unemployment in the Toronto Region remains a persistent and ongoing problem for recent immigrants (those in Canada for less than 10 years). They comprise the majority of job seekers aged 35 to 54 we encountered during our focus groups and interviews. They came from a variety of cultures and backgrounds, with varying levels of education. For the most part, these individuals seemed positive, optimistic and

Chart 10: Unemployment rate by time of immigration



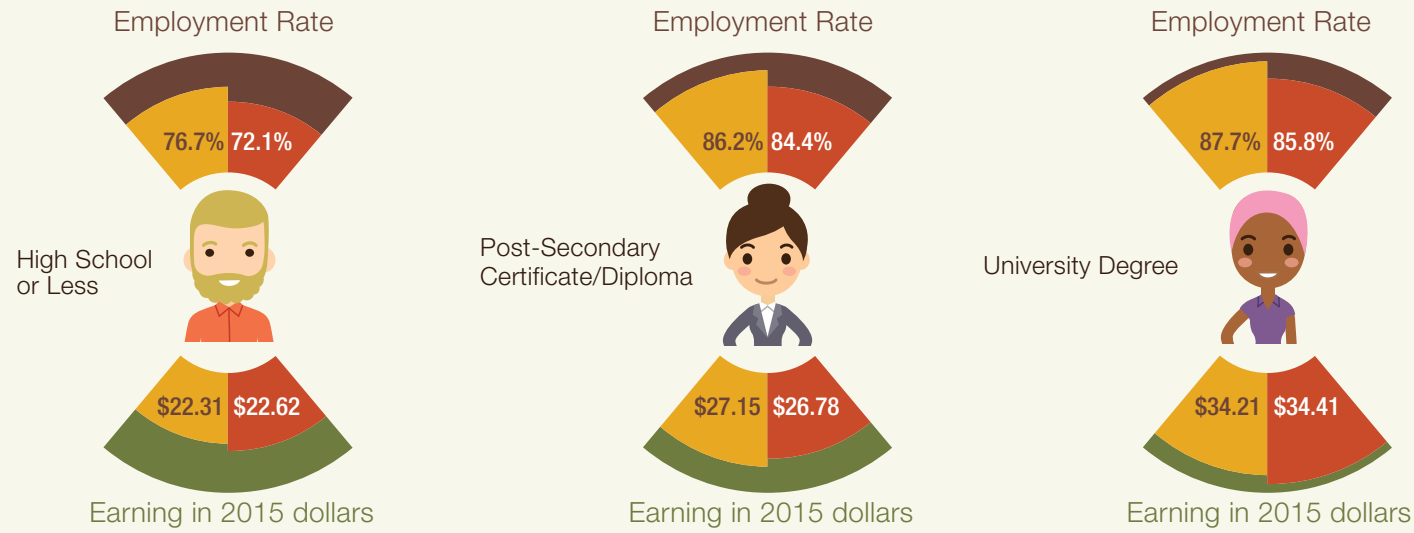
Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Average Unemployment Rate

realistic. Most had only been unemployed for short intervals. In addition (and in contrast to their Canadian born counterparts), there was a strong desire to participate in language upgrading and/or skills training. Additional observations and themes from our interviews and focus groups included:

- Many new immigrants indicated they were initially confused and nervous about where they should go to get help finding employment.
- When asked about what occupation they were job searching for, most recent immigrants indicated "an office job." In numerous cases, respondents were unable to narrow the occupational definition further (e.g. reception, filing, and bookkeeping). Nor did there appear to be a clear understanding of what skills were required for "office work".
- Many had been to school or received short-term skills training since arriving in Canada. Unfortunately, this training had often not led to employment for these individuals. A number of participants who had personally paid for training or taken out loans, indicated they felt "lied to" by training institutions who had advertised very high success rates for previous students.

> I paid for, and took, a computer programming course. They told us that 90% of graduates get high paying jobs. But since completing the program, I've not had a single interview. None of the other graduates got employed either.
>
> *Amir, recent immigrant and job seeker.*

WORKERS 35-54

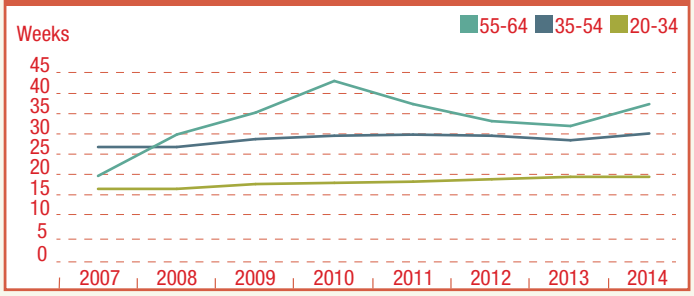


WORKERS 55-65

> What can I do? Who is going to hire me? I worked my entire life in the insurance industry and no one even bothers to read my resume. Young kids and internet sites have stolen my career.
>
> *Alan, 57 Year old job seeker.*

During our focus groups and job seeker interviews, we unfortunately heard stories similar to Alan far too many times. These older workers came from a variety of occupations and industries.[19] Most indicated they had been unemployed for an extended period of time (over a year). The accounts given by Rick, Alan and others plays out in the Toronto data.

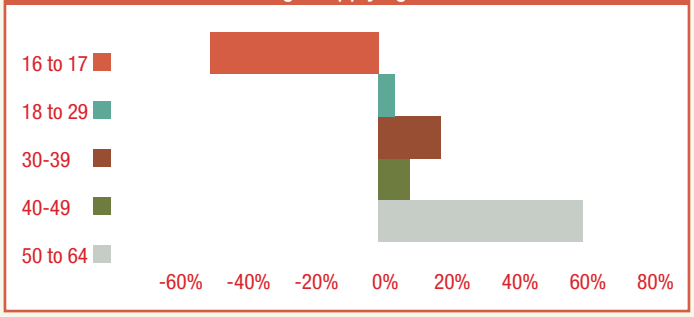
Chart 11: Average number of weeks unemployed by age group



Source: Labour Force Survey 2015, City of Toronto Data 2007-2014 Yearly Average Weekend Unemployed

Unemployment rates for older workers remain relatively low when compared to other age groups. Chart 11 shows that in 2014 they are likely to be unemployed for longer periods of time. This is a statistically significant divergence from the LFS data from 2007. Additionally, as shown in Chart 12, members of this age group are far more likely to be collecting Ontario Works now than in 2007.

Chart 12: Percentage change in the number of households receiving or applying for OW



Source: OW Data December 2007 and October 2014 Monthly Average

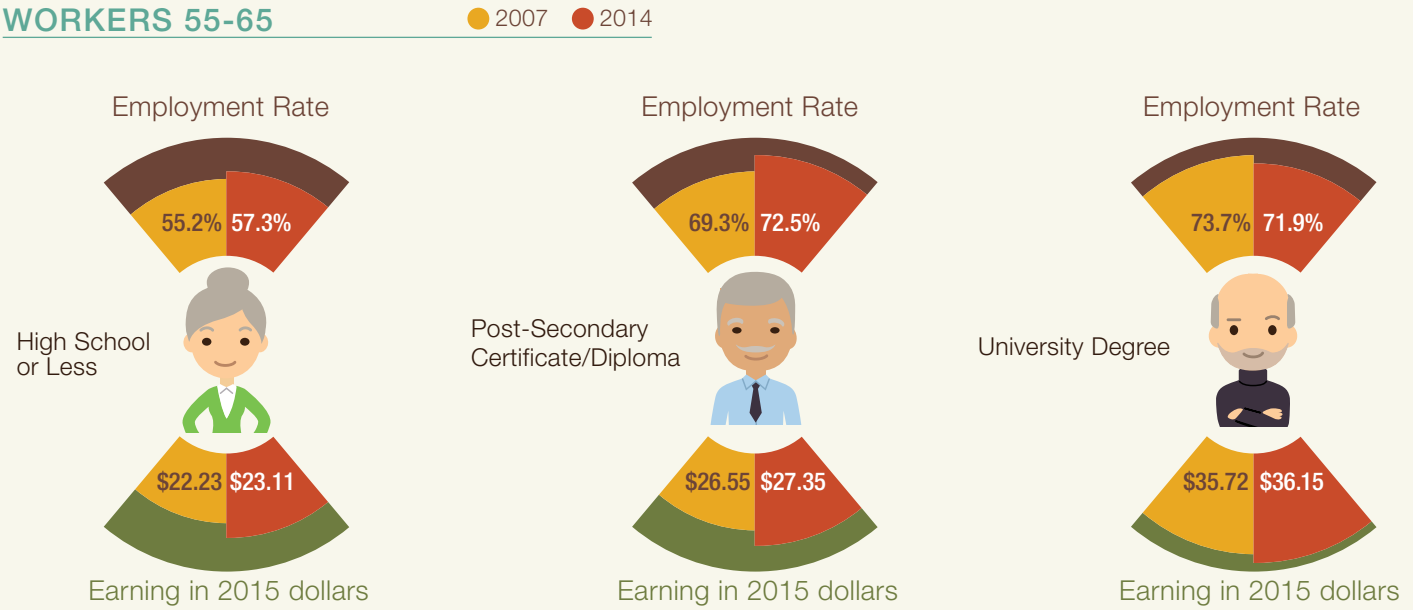
There are similar trends in the most recent Employment Insurance data for the Toronto region. In December 2007, those 55 to 65 accounted for 7.5% of all EI recipients. This rate has steadily increased over the past eight years and as of July 2015, those 55 to 65 accounted for 12.7% of all EI recipients in Toronto Region. In contrast, it is also worth noting that unlike other age groups examined in this report, labour force participation has actually increased for this age group, males in particular.

While youth unemployment has captured the imagination and attention of policy makers in Toronto and the province, the myriad of challenges faced by mature workers facing long spells of unemployment has largely gone unnoticed.[20] Furthermore, most of the older job seekers we met talked in detail about the stereotyping they face. They communicated their concerns about employer misconceptions of older workers including; salary demands, ability to deal with emergent technology, and the transferability of skills from one industry to another.

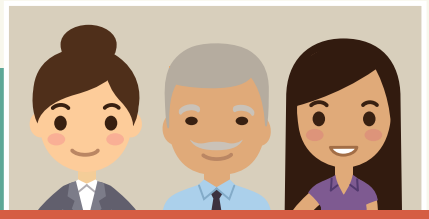
It was apparent, from our conversations; these workers' unemployment was overwhelmingly involuntary and structural.[21] Other observations and themes from our interviews and focus groups included:

- All participants over the age of 55 were very discouraged about future job prospects. Many had been unsuccessful in their attempts to even get entry level employment.
- Disinclination towards taking additional courses and/or skills training. As one participant noted: "By the time I finish the program, I'll be a year away from collecting my CPP."
- Serious concern about financial security. A number of participants indicated they were eating away at their life savings or may have to soon consider selling their home.
- Felt most employment services and training are geared to youth.

WORKERS 55-65



95 Months from Now



What will labour market dynamics be?

What labour market dynamics will we be talking about in 2023? Predicting future specific skill requirements outside of unforeseen economic events and the vast (and increasingly rapid) effects of technology is impossible. There is some merit in examining three broad trends that may impact Toronto's economy and labour force, gig work, looking east and disruptive technologies.

GIG WORK

We might be discussing the huge growth in Torontonians who are now self-employed.

The advance of technology start-ups is starting to enable people to try to make a living by selling personal services online and by doing freelance work. The trend is typified by companies like Uber, AirBnB, Instacart, Tonga and TaskRabbit. The innovative use of apps to arrange for short-term or contingent work has the potential to restructure the traditional employer and employee relationship. One only has to look at the Uber uproar in communities across the globe, including Toronto, to understand the possible upheaval to regulatory systems, wages, employment standards, taxation and benefits.

While freelancing, contingent work, and making money by renting an apartment has been part of our economy for a long time, the current trend towards this type of work is "at a scale that blurs the boundaries of the personal and the commercial and threatens to disrupt existing markets and regulatory models.[22]"

DISRUPTIVE TECHNOLOGIES

Or, in 2023, we may well be wondering what to do with all the unemployed individuals who were formerly in the transportation industry (and perhaps Uber drivers) as driverless vehicles, airplanes and shipping vessels become completely automated.

The Second Machine Age, by Erik Brynjolfsson and Andrew McAfee of the Massachusetts Institute of Technology, sparked an ongoing debate among economists and futurists about the digital revolution and its transformation of our economic and social lives. They predict a race between technology and education in the battle for employment that will dramatically reshape the kind of skills required by workers. The automation of jobs threatens not just routine tasks but, increasingly, jobs defined by pattern recognition and non-routine cognitive tasks. Conversely, economist Robert Gordon sees a new era of low economic growth where new technological developments will have less impact than in the past[23].

The critical questions are: Will the accelerated and rapid advances of automation, computerization, and robotics result in employment gains or losses? What jobs are likely to be automated or computerized in the future? Carl Frey and Michael Osborne of Oxford University, utilizing a model developed by respected economist David Autor, estimated the vulnerability and probability of automation in various types of occupations and sectors.[24] The chart on page 15 is adapted and interpreted from Frey and Osborne's work.

Jobs that are not at risk of computerization have something in common: they require or involve the creation of novel ideas – that is, they require social or creative skills. Many jobs in management, education or healthcare that involve social interaction, therefore, are unlikely to be automated. Similarly, science or engineering jobs that require creative skills will probably not experience substantial job losses due to technological advances in the near future.

Probability of computerization and robotics across sectors.

HIGH

Transportation and material moving, Production, Farming, Fishing and Forestry, Office and Administrative Support, Sales and retail

MEDIUM HIGH

Construction and extraction

MEDIUM

Installation, Maintenance and Repair, Service

LOW

Healthcare practitioners, Education, Legal, Community Service, Arts and Media, Computer, Engineering and Science, Management, Business and Financial

Regardless of the view of whether emergent technology will create or reduce the supply of jobs, there is one aspect of automation most economists agree upon: there will continue to be a division of employment growth, with gains in both high-skill and low-skill jobs. In turn, this is likely to result in further polarization of incomes.

LOOKING EAST

We could, in 2023, be debating the number of job losses and job gains created by Trans-Pacific Partnership (TPP).

In the past, free trade agreements have had a significant impact on the Toronto Regional economy, leading to job gains (finance) and losses (manufacturing). Twelve countries, including Canada, have reached an agreement on the Trans-Pacific Partnership (TPP), a nearly $28 trillion free trade zone, the largest in human history. While all 12 nations need their governments to ratify the deal, and the entire details of the pact remain unknown, the agreement in some form will survive and change the landscape of Toronto's economy and labour force.

According to the World Bank, East Asia continues to be one of the main growth drivers of the world economy, accounting for about two-fifths of global economic growth. This year, the IMF reported that Asian economies will lead world growth, expanding at a 5.6 per cent pace that is level with last year, as recoveries in India and Japan offset the slowdown in China. Given the reputation of businesses in the GTA there is a compelling argument that a strong demand exists for our financial services, food processing, pharmaceuticals, advanced manufacturing products and other scientific and professional services. While growth for Canadian business into Asian markets is increasingly seen as a profitable strategy, the opportunity is reciprocal. The GTA provides Asian companies with the opportunity to gain a foothold into North American markets and take advantage of our highly skilled workforce and world-class city.

The GTA and surrounding regions are well positioned for increased economic activity with Asian trading partners. However, it is critical to recognize that some of our business, particularly small and medium-sized enterprises (SMEs), and our workforce must be effectively supported to participate in these new opportunities. Many of our SMEs will require programs that can help identify how they can add value to growth in Asia and support them with their level of export readiness. In addition, our workforce will need to be highly trained and equipped to meet emerging job requirements in growing industries. Furthermore, as our workforce ages there will be a greater need to find more effective ways to better integrate and take advantage of new immigrants and other under-utilized labour market segments in the workforce.

Conclusions

This report provides a great deal of information and poses many questions. Different segments of Toronto's population are encountering varying levels of success in terms of employment, earnings and labour force participation. This report highlights the importance of distinguishing the differences among age groups. Not all youth, middle-aged, and mature workers are the same.

Perhaps lost in the noise of the ongoing and largely anecdotal dialogue about skill shortages, skills mismatches and over-education is one unassailable fact supported by virtually every robust study or statistical survey — the more education an individual has (regardless of age, gender or race) the higher the possibility of employment, positive earning trajectories and financial well-being. This conceit holds true internationally, nationally and in the Province of Ontario. It is true in Toronto as well.

It would be nice to have the kind of earnings data that could inform us about what a graduate with a certain degree, certificate and diploma will receive and what earning trajectories they might expect. Even in an age of "big data" the ability to do this kind of analysis is unlikely any time in the near future. Disruptive technology, with the accelerated and rapid advances of automation, computerization and robotics may render that exercise void of any purpose. Indeed, in survey after survey conducted by those looking to obtain information about specific skill shortages; we do find out about a skill shortage. There is a shortage of individuals with soft skills such as teamwork, problem solving, and perseverance.

The purpose of examining the data and trends evident in Toronto data is to make it possible for us to identify the groups that need the most support in achieving labour market success. From our analysis, three groups in particular need additional attention. The earnings of young women with less than a university education are down. Their unemployment levels are up and their labour force participation rates have declined. Those working-age Torontonians, male and female, with less than a high school education have very few opportunities to find decent work. Their labour force participation rates have gone dramatically down. A smaller proportion of older workers are unemployed than other age groups; but if they lose their job, the duration of unemployment is much longer than for young or prime working-age adults.

Unfortunately, the evidence about what employment supports will help those with the above demographics is very slim. Given this, it may be useful to consider how we might go about developing the necessary understanding of each group's challenges, barriers, strengths and opportunities in order to design and deliver supports and programming that might be effective. It will require further discussions with specific types of job seekers to better understand their lived experiences and how we might capitalize on their potential. It will also require the testing and robust evaluation of purposefully designed supports and interventions – ones specifically designed to address barriers faced by each group.

This is a serious and challenging undertaking, but one which is most likely to prove effective in addressing the complex needs of these client groups as well as the complex challenges of effective delivery by service providers.

Endnotes

[1]The National Bureau of Economic Research (the official arbiter of U.S. recessions), documented that the US recession "officially started" in December 2007. While Canada would not move into recession until October of 2008, Ontario (whose economy is closely linked to the United States) would lose close to 220,000 jobs during 2008. Retrieved from http://www.statcan.gc.ca/pub/75-001-x/2009112/article/11048-eng.htm and http://www.bls.gov/spotlight/2012/recession/pdf/recession_bls_spotlight.pdf

[2]Toronto Census Metropolitan Area. To see municipalities include in this area see https://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-cma-eng.cfm?LANG=Eng&GK=CMA&GC=535

[3]Retrieved from http://www.conferenceboard.ca/press/newsrelease/15-05-14/reversal_of_economic_fortune_for_canadian_cities.aspx

[4]Toronto Region Board of Trade, Toronto as a Global City: Scorecard on Prosperity (2015), 35.

[5]Most economists place a full employment rate within the range of 5 to 5.5 percent, though some estimates go as high as 6 percent.

[6]Unless otherwise specified, all Toronto data comes from the Labour Force Survey 2015, City of Toronto Data 2007-2014

[7]Precarious employment refers to a situation that is dependent on chance or uncertain developments,
typified by a lack of security or stability including: job instability, as measured by separation or retention rates or the share of temporary employment; a lack of predictability of income, associated with seasonal and self-employment; uncertainty regarding employment status, for instance among individuals waiting call-backs; and, a lack of predictability in scheduling, measured by involuntary part-time employment.

[8]See http://www.td.com/document/PDF/economics/special/PrecariousEmployment.pdf

[9]The average hours worked in the City of Toronto in 2007 was 33.82 and 32.71 in 2014. City of Toronto, Labour Force Survey (2007 to 2014), (2015).

[10]City of Toronto, Labour Force Survey (2007 to 2014), (2015).

[11]Retrieved from http://globalnews.ca/news/1510261/experts-fret-canada-becoming-a-nation-of-part-time-workers/

[12]City of Toronto, Labour Force Survey (2007 to 2014), (2015).

[13]David W. Hays, Examining Differences between Millennial and All Employee Levels of Job Satisfaction and Importance and Satisfaction with the Immediate Supervisor Relationship, International Journal of Managerial Studies and Research (IJMSR) Volume 2, Iss. 8, September 2014, 1-7.

[14]Ontario Labour Market Statistics for August 2015.
Retrieved from http://www.tcu.gov.on.ca/eng/labourmarket/currenttrends/docs/monthly/201508.pdf

[15]Said differently, shorter unemployment among higher educated could reflect the demand for this higher educated labour by enterprises which actually require their higher skills.

[16]Financial Post, http://business.financialpost.com/fp-comment/government-spending-wont-help-youth-unemployment

[17]The report goes on to note, "Overall, average annual wages and salaries of young male bachelor's degree graduates rose 5%, from $65,388 in 2005 to $68,563 in 2012. Over the same period, earnings of young male college graduates grew 7% (from $52,076 to $55,753), while earnings of young female bachelor's degree graduates increased 9% (from $46,543 to $50,506).
Retrieved from http://www5.statcan.gc.ca/olc-cel/olc.action?ObjId=11-626-X2015050&ObjType=46&lang=en&limit=0

[18]The Council of Canadian Academies, Some Assembly Required: STEM Skills and Canada's Economic Productivity (2015). 49.

[19]It may be worth noting that the majority of older participants had previously been employed in Toronto's financial industries.

[20]The Public Policy Forum has written a paper "Canada's Aging Workforce" that captures many of the challenges faced by mature workers. http://ppforum.com/sites/default/files/canadas_aging_workforce_eng_report.pdf

[21]Structural unemployment arises when barriers, such as skills or geographical mismatches, prevent workers from matching their skills to available jobs. Cyclical unemployment arises when there is a decrease in the overall demand for goods and services in an economy

[22]Policymaking for the Sharing Economy: Beyond Whack-A-Mole. Johal and Zon, Mowat Centre, 2015, pp. 1.

[23]The Demise of U.S. Economic Growth: Restatement, Rebuttal, and Reflections, Robert J. Gordon, NBER Working Paper No. 19895, 2014.

[24]The Future of Employment : How Susceptible are Jobs to Computerisation. Frey and Osborne, Oxford University Press, 2013.

Appendix One: Data Methodology

The data contained in the Age, Educational Attainment and Earnings info-graphic was derived using the 2007 and 2014 Labour Force Survey (LFS) public use micro-data files (PUMFs). In order to reduce sampling error, the public use files only contain estimates for the three largest for the Provinces and the three largest Census Metropolitan Areas (CMAs) in Canada (Montreal, Vancouver and Montreal). Accordingly, the estimates derived for the info-graphic pertain to Toronto CMA, which includes the City of Toronto and four surrounding municipalities (Durham, Halton, Peel and York).

For each year 12 month averages of labour force status and hourly wage were calculated using the appropriate weights (the monthly data was not adjusted for seasonality). For each estimate, standard errors were derived using the weighted data. In order to increase sample size the educational attainment categories were grouped together. The High School or Less Category includes all individuals that have received a High School Diploma or equivalent credentials, and individuals that have not completed High School. The Post-Secondary Certificate or Diploma category includes individuals that have received a certificate or diploma from an educational institution beyond the secondary level. This category includes individuals that received certificates from a vocational school, apprenticeship training program or community college. The category also includes individuals that have received a certificate or diploma below the bachelor's level from a University. The University Degree category includes individuals that have received a degree (bachelor or above) from a University.

For analytical purposes students were excluded from the analysis. Average hourly wages includes employees and self-employed individuals. The best comparisons of wage data from the LFS would include only employees since self-employed individuals are asked slightly different questions about wages. However, in order to reduce sampling error, self-employed individuals were included in the analysis.

The rest of the data in the report were taken directly from the City of Toronto Open Data Portal Monthly and Annual Labour Force Survey Database. These data are published by the City of Toronto Economic Development & Culture Division and they contain monthly and annual estimates for the City of Toronto as well as other surrounding jurisdictions. Since estimates for the City of Toronto are not contained in the LFS PUMFs, these estimates were produced by Statistics Canada through a data order for the City of Toronto. It should be noted that the Labour Force Survey Sampling Methodology is not designed to produce reliable estimates for the City of Toronto, as such; these estimates are likely subject to larger sampling errors than publicly available Statistics Canada estimates. Standard errors for these results could not be calculated for this report because the researchers did not have access to the raw data. Accordingly, these results should be interpreted with caution.

95% Confidence Intervals Explained

Confidence intervals are a range of values that include an unknown population characteristic (such as an average) with a known degree of certainty. Confidence intervals are calculated at various levels of confidence, which represent the percent of time that the confidence interval will include the population characteristic. For example, if we survey 2760 individuals in Toronto CMA aged 20 to 34 with a High School Diploma or Less, and ask them to report their typical hourly wage; we can derive an average hourly wage for this segment of the population (which turns out to be $17.30). Since we are attempting to estimate average hourly wage for the entire segment of the population by surveying only a portion of that population we'll need to use confidence intervals to understand how the average in the sample differs from that of the entire population. In this case we'll calculate confidence intervals at the 95% level, which means the intervals will include the average we calculated at least 95 times out of 100 (or 95% of time). The confidence intervals at the 95% level are $16.99-$17.61. This means that if we were to take another 100 samples (sets of individuals aged 20 to 34 with a high school diploma or less), we would get an average hourly wage between $16.99-$17.61 in at least 95 of those samples. In fact, no matter how many samples you take, the average will be contained within the confidence interval 95% of the time.

Source: Age Info-Graphic

2007-01 to 2007-12, "Labour Force Survey, 2007", Statistics Canada [Public Use Microdata Files].
2014-01 to 2014-12, "Labour Force Survey, 2014", Statistics Canada [Public Use Microdata Files].

Appendix Two: Confidence Intervals and Standard Errors

Age Group: 20-34. Year: 2007								
	Employed	95 CI	Unemployed	95 CI	Not in Labour Force	95 CI	Participation Rate	95 CI
High School or Less	74.8%	73.6-76.0	9.7%	8.9-10.5	15.5%	14.5-16.5	84.5%	83.5-85.5
Post Secondary Certificate or Diploma	84.7%	83.5-85.8	6.7%	5.9-7.5	8.6%	7.8-9.6	91.4%	90.4-92.2
University	86.2%	85.1-87.1	5.1%	4.5-5.7	8.8%	8.0-9.6	91.3%	90.4-92.0

Age Group: 20-34. Year: 2014								
	Employed	95 CI	Unemployed	95 CI	Not in Labour Force	95 CI	Participation Rate	95 CI
High School or Less	69.4%	68-70.7	11.7%	10.8-12.7	18.9%	17.8-20.1	81.1%	79.9-82.2
Post Secondary Certificate or Diploma	83.5%	82.2-84.7	7.4%	6.6-8.4	9.1%	8.2-10.1	90.9%	89.9-91.8
University	84.4%	83.3-85.4	7.6%	6.9-8.4	8.0%	7.3-8.9	92.0%	91.1-92.7

Age Group: 20-34. Year: 2007				
	Average Hourly Earnings	95% Confidence Intervals	Standard Error	N
High School or Less	$ 15.64	15.40-15.89	0.127	3278
Post Secondary Certificate or Diploma	$ 18.95	18.65-19.25	0.152	2816
University	$ 22.97	22.62-23.33	0.18	3561

Age Group: 20-34. Year: 2014				
	Average Hourly Earnings	95% Confidence Intervals	Standard Error	N
High School or Less	$ 17.30	16.99-17.61	0.159	2760
Post Secondary Certificate or Diploma	$ 20.58	20.21-20.95	0.187	2477
University	$ 26.09	25.68-26.49	0.208	3672

Age Group: 35-54. Year: 2007								
	Employed	95 CI	Unemployed	95 CI	Not in Labour Force	95 CI	Participation Rate	95 CI
High School or Less	76.7%	75.8-77.6	4.9%	4.5-5.3	18.4%	17.6-19.2	81.6%	80.8-82.4
Post Secondary Certificate or Diploma	86.2%	85.5-87.0	4.5%	4.0-5.0	9.3%	8.7-9.9	90.7%	90.1-91.3
University	87.7%	87.0-88.3	3.9%	3.5-4.4	8.4%	7.8-9.0	91.6%	91.0-92.2

Age Group: 35-54. Year: 2014								
	Employed	95 CI	Unemployed	95 CI	Not in Labour Force	95 CI	Participation Rate	95 CI
High School or Less	72.1%	71.0-73.1	5.5%	5.0-6.1	22.4%	21.4-23.4	77.6%	76.6-78.6
Post Secondary Certificate or Diploma	84.4%	83.5-85.3	4.8%	4.3-5.3	10.8%	10.1-11.5	89.2%	88.5-89.9
University	85.8%	85.1-86.5	4.5%	4.1-4.9	9.7%	9.1-10.3	90.3%	89.7-90.9

Age Group: 35-54. Year: 2007				
	Average Hourly Earnings	95% Confi-dence Intervals	Standard Error	N
High School or Less	$ 19.58	19.33-19.83	0.13	5778
Post Secondary Certificate or Diploma	$ 23.82	23.52-24.12	0.152	5558
University	$ 30.02	29.64-30.39	0.192	6087

Age Group: 35-54. Year: 2014				
	Average Hourly Earnings	95% Confidence Intervals	Standard Error	N
High School or Less	$ 22.34	22.01-22.67	0.169	4044
Post Secondary Certificate or Diploma	$ 26.44	26.07-26.80	0.185	4882
University	$ 33.98	33.57-34.39	0.21	6505

Age Group: 55 and Older. Year: 2007								
	Employed	95 CI	Unemployed	95 CI	Not in Labour Force	95 CI	Participation Rate	95 CI
High School or Less	55.20%	5.3-56.8	4.20%	3.6-4.9	40.50%	39.0-42.1	59.40%	57.9-61.0
Post Secondary Certificate or Diploma	69.30%	67.5-71.1	2.80%	2.2-3.5	27.90%	26.2-29.7	72.10%	70.3-73.8
University	73.70%	72.0-75.3	3.20%	2.6-3.9	23.10%	21.6-24.7	76.90%	75.3-78.4

Age Group: 55 and Older. Year: 2014								
	Employed	95 CI	Unemployed	95 CI	Not in Labour Force	95 CI	Participation Rate	95 CI
High School or Less	57.3%	55.7-58.8	4.0%	3.5-4.7	38.7%	37.2-40.2	61.3%	59.8-62.8
Post Secondary Certificate or Diploma	72.5%	70.9-74.0	3.7%	3.1-4.4	23.8%	22.4-25.4	76.2%	74.6-77.6
University	71.9%	70.4-73.4	4.5%	3.9-5.3	23.5%	22.1-25.0	76.4%	75.0-77.9

Age Group: 55 and Older. Year: 2007				
	Average Hourly Earnings	95% Confidence Intervals	Standard Error	N
High School or Less	$ 19.51	19.08-19.97	0.226	1681
Post Secondary Certificate or Diploma	$ 23.30	22.85-24.06	0.303	1363
University	$ 31.34	30.49-31.19	0.436	1433

Age Group: 55 and Older. Year: 2014				
	Average Hourly Earnings	95% Confidence Intervals	Standard Error	N
High School or Less	$ 22.82	22.26-23.38	0.285	1891
Post Secondary Certificate or Diploma	$ 27.01	26.38-27.64	0.321	1653
University	$ 35.70	34.78-36.62	0.468	1673

Appendix Three: Employment Ontario/Toronto Employment Social Services consulted for this report.

This includes over 50 agencies in Toronto Delivering Employment/Training Services.

Career Foundation Center for Education and Training:

Parliament and Don Mills locations

East Service Delivery Network

Fred Victor Center

JobStart

St. Stephen's Community House

Toronto Central Service Delivery Network

Toronto West Partnership

VPI Working Solutions

Youth Employment Partnership Advisory Committee

TWIG TORONTO WORKFORCE INNOVATION GROUP

Toronto's Workforce Planning Board

EMPLOYMENT ONTARIO

Ontario's employment & training network

Workforce Planning Ontario

www.workforceplanningontario.ca