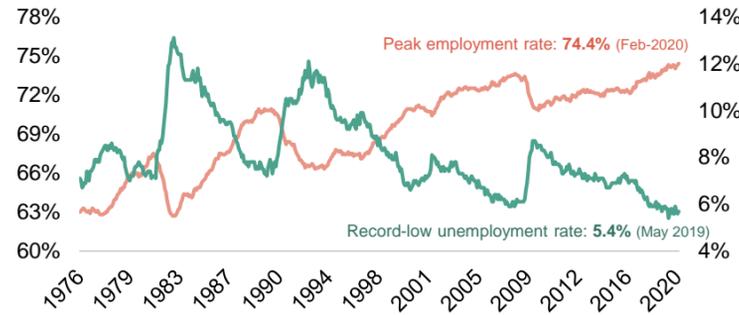


The COVID-19 pandemic caused the largest ever contraction of Canada's economy. While the rebound has been swift for most, uncertainty remains and many of the labour shortages experienced pre-pandemic are likely to return or worsen as a result of aging and the changing nature of work.

1. Pre-pandemic, the Canadian labour market was robust with some reported labour shortages; declining labour participation was also a concern

Canada enjoyed record-high employment and record-low unemployment rates



Monthly employment rates (15-64) and unemployment rates (15+), January 1976 to February 2020, seasonally adjusted

Source: Statistics Canada, Labour Force Survey.

But underrepresented groups were experiencing challenges in the labour market



Women, youth, older Canadians, Indigenous peoples, recent immigrants, visible minorities, persons with disabilities, and those with lower levels of education were less likely to be working and more likely to be unemployed than the Canadian average in 2019.

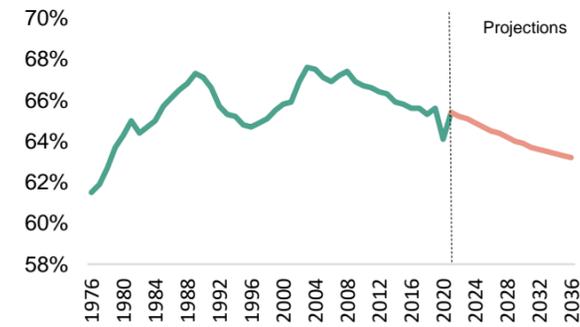
Labour shortages were present in key occupations across industries

- Nurses, general practitioners, specialist physicians
- Computer programmers, engineers, mathematicians and data specialists
- Welders, industrial/heavy-duty equipment mechanics, industrial butchers

Occupations showing signs of labour shortages, 2019-2028

Source: ESDC 2019 COPS Projections.

Declining labour force participation was a growing concern as the population ages



Source: Statistics Canada, Labour Force Survey; Laurent Martel. 2019. The labour force in Canada and its regions: projections to 2036. Statistics Canada.

3. Economic forecasts are promising; as the economy gains momentum, labour market pressures are re-emerging and the demand for workers is rising

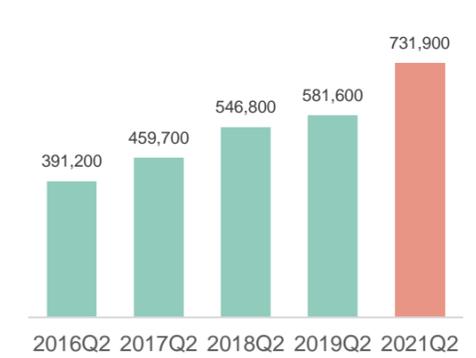
Forecasts for continued economic growth are promising; employers intend to hire



Firms' expectations of their employment level over next 12 months

Source: Bank of Canada, Business Outlook Survey, Autumn 2021. Notes: Expectations relative to the past 12 months.

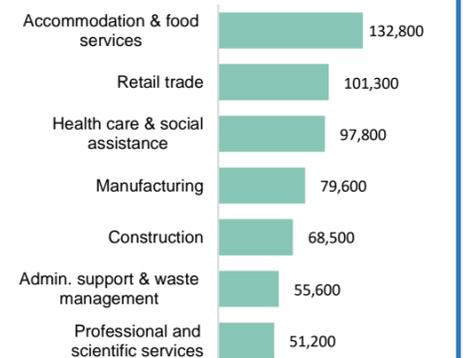
Record number of job vacancies as economy reopens; matching jobs with workers takes time



Number of job vacancies, 2016Q2 to 2021Q2

Source: Statistics Canada, Job Vacancy and Wage Survey. Note: Data for 2020Q2 are unavailable; data are unadjusted for seasonality.

Vacancies in key and newly re-opened industries could impede economic growth

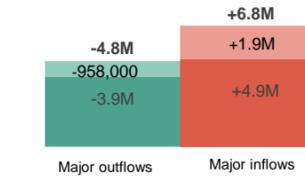


Source: Statistics Canada, Job Vacancy and Wage Survey. Note: Unadjusted for seasonality.

4. An aging population will likely mean more labour shortages. Canada needs a workforce with the right skills to build a stronger and more inclusive economy

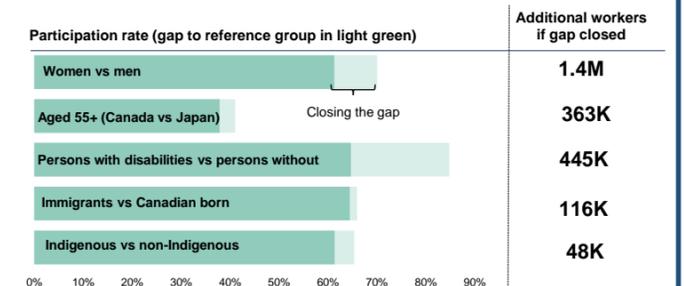
Canada's population is aging... ..increasing the chances of more labour shortages; skilled immigration intake and new graduates will help...

The percentage of Canadians aged 65 and older is expected to increase from 18% in 2020 to 24% by the end of the 2030s.



Projected inflows and outflows of the labour market, 2019-2028
Sources: Statistics Canada; ESDC estimates (historical); ESDC 2019 COPS Projections.

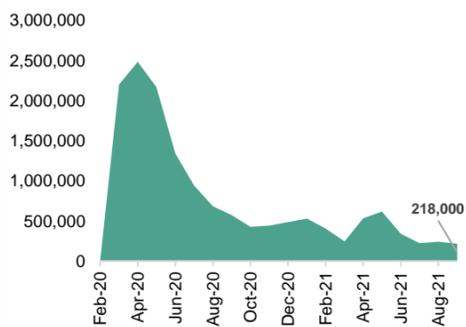
...as will boosting participation of underrepresented groups



Participation rate gaps (2019)*, selected demographic groups** and # of additional workers*** if gaps narrowed
Sources: Statistics Canada, Census 2016, Labour Force Survey, Canada Survey on Disability; OECD. Notes: Persons with or without disabilities (2017); Indigenous and non-Indigenous peoples (2016). Japan has the highest participation rate of workers aged 55+ in the G7; These numbers cannot be summed as they are not mutually exclusive.

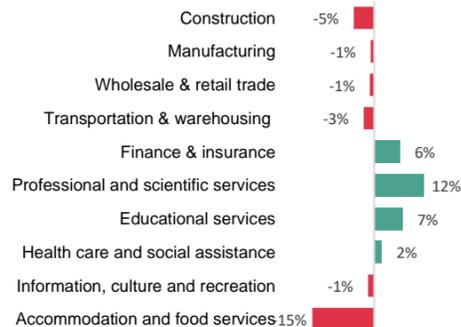
2. COVID-19 shocked the economy but recovery is well underway with employment back to pre-pandemic level; yet challenges remain for some industries and key groups

The number of Canadians working fewer than half their usual hours remains elevated



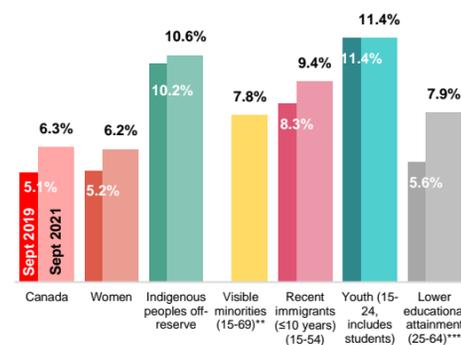
Source: Statistics Canada, Labour Force Survey. Note: Data are seasonally adjusted.

Employment has not fully recovered in some hard-hit industries



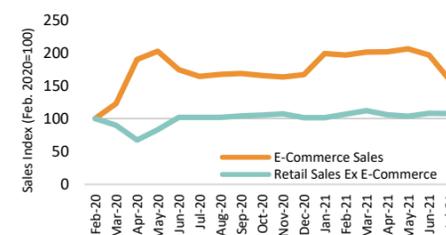
Source: Statistics Canada, Labour Force Survey. Note: Data are seasonally adjusted.

Groups facing barriers are struggling to find work



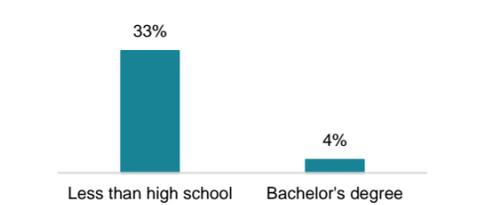
Source: Statistics Canada, Labour Force Survey. Notes: *Age group is 15-64 unless otherwise stated; ** 2019 unemployment rate not available; *** Lower educated individuals are those without a post-secondary credential.

Digitization rising; consumer habits shift...



Source: Statistics Canada, Monthly Wholesale and Retail Trade Surveys. Note: Data are seasonally adjusted.

...automation will disrupt some jobs; particular groups will be more affected



Source: Frenette and Frank, 2020, Statistics Canada. Note: *Some/all of occupations' core tasks likely to be performed by computer within 10 years.

The COVID-19 crisis could accelerate key changing nature of work trends, such as automation, digitization, non-standard work relationships, greening of the economy and globalization. Building a workforce with the right skills for the labour market of the future will be integral to enabling strong growth and an inclusive economy.