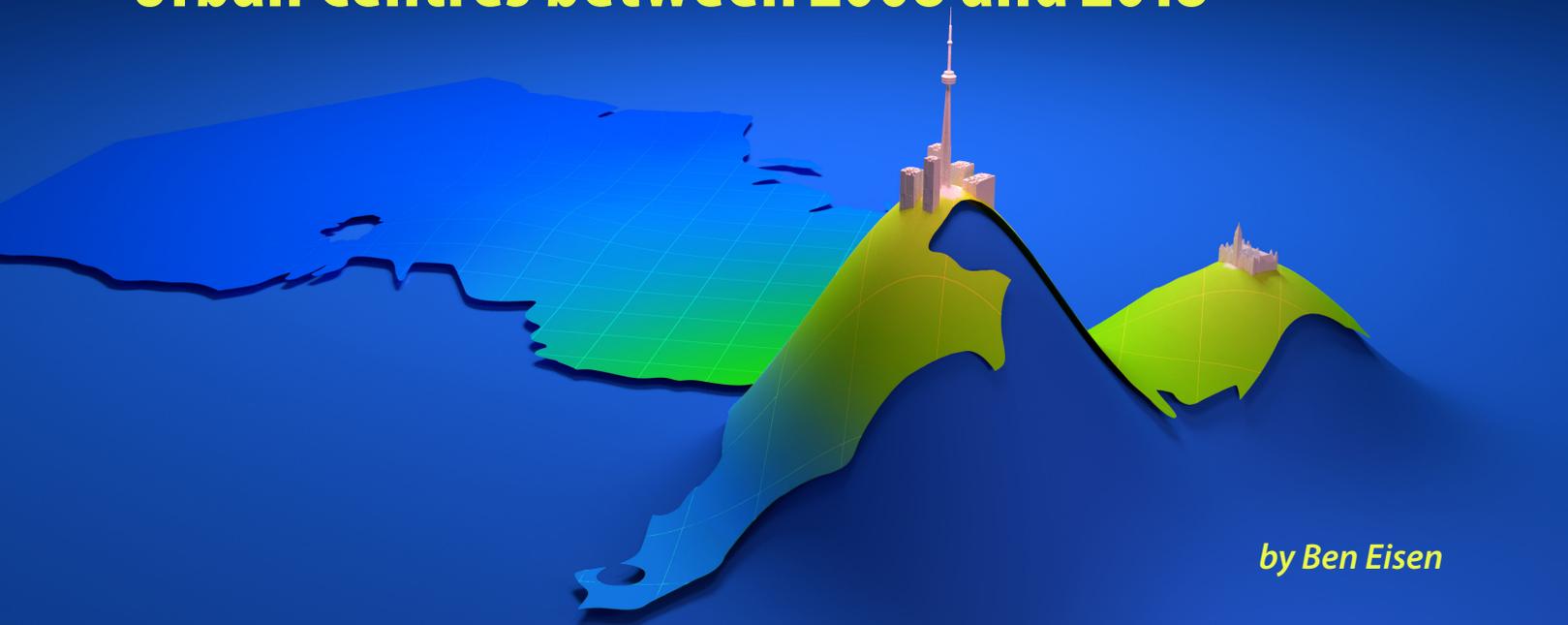


Uneven Recovery: Job Creation in Ontario's Urban Centres between 2008 and 2018



by Ben Eisen

SUMMARY

- Past analyses from the Fraser Institute completed in 2015 and 2017 have measured labour market performance in various regions across Canada in the period during and following the 2008/09 recession.
- This short paper updates this work with the most recent available data, focusing more narrowly on one specific metric—job creation. More specifically, it measures job creation in urban centres across Ontario.
- Ontario's economic recovery has been uneven. Some Census Metropolitan Areas (CMAs) such as Toronto and Ottawa have enjoyed comparatively robust job creation. Some, including London, Sudbury, Peterborough, and others have experienced weak or negative job creation between 2008 and 2018.
- In aggregate, from 2008 to 2018, the two GTA CMAs combined (Toronto and Oshawa) experienced employment growth totaling 17.3 percent. In Ottawa, this figure was 9.7 percent. By comparison, net job creation in the rest of the province over the course of this decade was just 1.9 percent.
- In total, 91 percent of all net job creation in Ontario between 2008 and 2018 occurred in either the two GTA CMAs or Ottawa. Just 9.0 percent of net job creation in Ontario during this decade occurred elsewhere in the province.

Introduction

Ontario has experienced more than its share of economic pain over the past decade. The 2008/09 recession was steeper in Ontario than in most other regions, and the province's recovery in the years immediately following was tepid and marked by relatively weak growth (Eisen and Palacios, 2018).

The economic pain that has afflicted Ontario has not been spread evenly across the province. Fraser Institute studies in both 2016 and 2017 (Eisen and Emes, 2016; Lafleur and Eisen, 2017) highlighted the unevenness of the recovery. They showed that while the Greater Golden Horseshoe region (anchored by Toronto) and Ottawa have performed reasonably well economically in recent years, other regions of the province have struggled. More specifically, they found that in recent years, large urban centers in southwestern, northern, and eastern Ontario have shown weak economic performance, especially with respect to job creation.

This bulletin updates this work with the most recent available data. It assesses how the economic recovery has varied across Ontario's major urban centers over the past decade. Whereas the past studies have provided detailed analyses of several economic metrics, this short update focuses on job creation in Ontario's Census Metropolitan Areas (CMAs), the province's larger urban centers. To qualify as a CMA, an urban centre must have a total population of at least 100,000, of which 50,000 or more must live in the core (Statistics Canada, 2019a).

Strong job growth in the GTA, surrounding area, and Ottawa

Job creation rates in Ontario's Census Metropolitan Areas (CMAs) have varied widely over the past decade. While Ontario's largest

CMAs have outperformed the provincial average (along with some CMAs in close proximity to Toronto, such as Barrie and Hamilton), there has been very little job creation in several other urban areas.

Figure 1 shows the extent of job creation from 2008 to 2018 by CMA. All non-CMA areas, which includes smaller towns and cities as well as rural areas, are grouped together in the single "non-CMA" grouping.¹

The figure reveals a number of facts. First, it shows that job creation was heavily concentrated within the Greater Toronto Area (GTA).² Indeed, the rate of job creation in the GTA (17.26 percent) over the course of this decade was approximately twice the provincial average (9.56 percent).

Several other CMAs also outperformed the provincial and national averages including Ottawa, which slightly exceeded the provincial average, and several other CMAs near Toronto. Specifically, Barrie, Kitchener-Cambridge-Waterloo, and Hamilton all experienced job growth significantly in excess of the provincial and national averages.

Weak net job growth in Ontario outside of the Greater Toronto Area and Ottawa

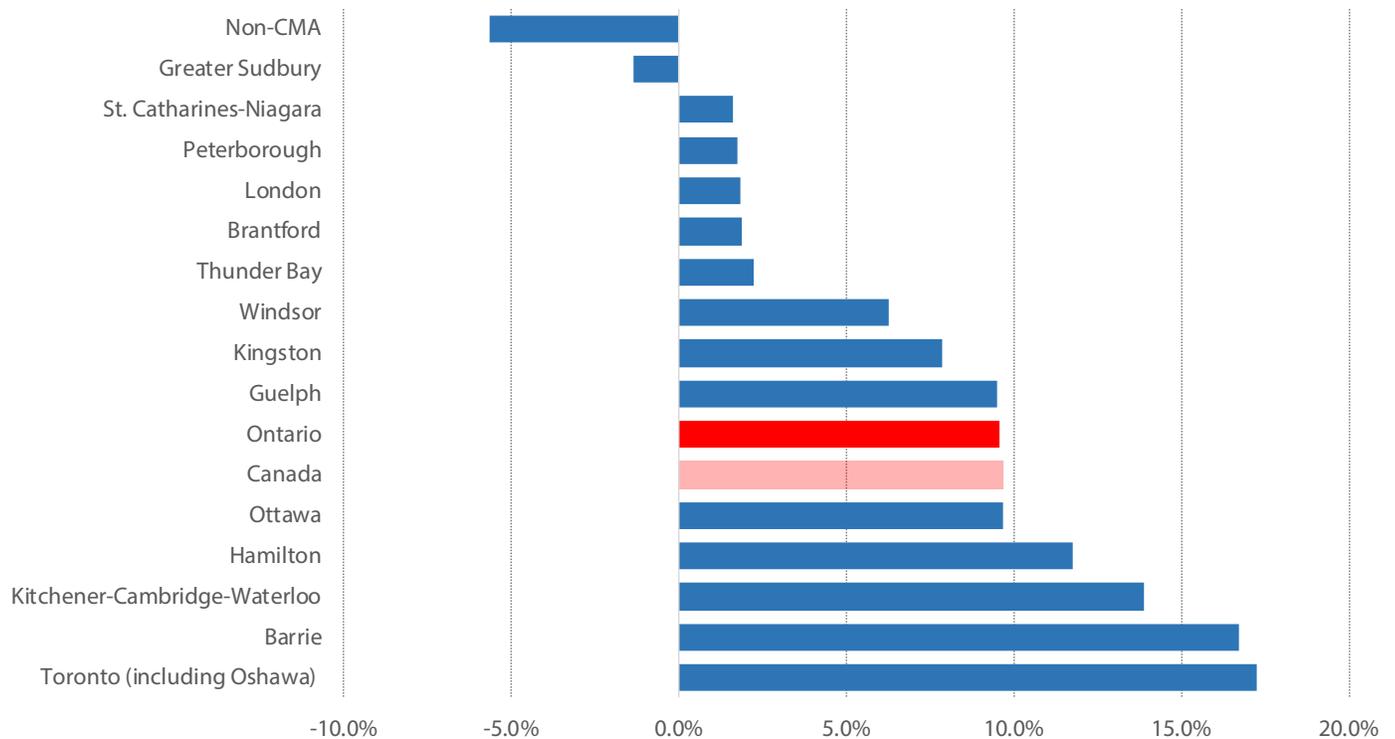
While job growth in the GTA and Ottawa has been comparatively strong in recent years, that strong growth "masks" weak performance in

¹ Changing boundaries and small sample sizes make labour force survey estimates of job creation in specific smaller Census Areas unreliable, which is why they are grouped together for the purposes of this analysis.

² This category is formed by combining the employment figures for Toronto and Oshawa, the two municipalities located in the Greater Toronto Area.

Uneven Recovery: Job Creation in Ontario's Urban Centres

Figure 1: Employment Growth (%), 2008 to 2018



Sources: Statistics Canada, 2019a, 2019b.

other regions of the province. Figure 1 reveals that many significant population centres in the province have continued to struggle. In several cases, job levels today are essentially what they were 10 years ago. In other words, these cities have taken a full decade to recover the jobs lost during the 2008/09 recession.

In southwestern Ontario, for instance, both Windsor and London have experienced significantly weaker job creation than the provincial average since 2008. In London, 2018 was the first year that employment rose above the level it had reached in 2008.

Both of northern Ontario's CMAs experienced weak job creation during the decade under analysis here. In the Greater Sudbury Area, net job

creation has been negative from 2008 to 2018, while job creation in Thunder Bay has been barely positive over the same period; total employment increased by 2.25 percent in that CMA.

At just 1.76 percent, Peterborough in eastern Ontario is also amongst the cities with the weakest rates of employment growth in Ontario over the past decade. As in London, 2018 was the first year that employment in Peterborough recovered to pre-recession levels. Kingston, the region's other large city, saw total employment grow below the provincial average at 7.87 percent during this decade.

Net job losses outside of Ontario's large urban centre

Many major urban centres further away from Toronto (excluding Ottawa) have suffered weak employment growth in recent years. However, job creation performance has been even weaker outside of Ontario's CMAs, which is to say in smaller urban centres classified as CAs (Census Agglomerations), towns with a core population of at least 10,000 people, and in rural areas. In fact, cumulatively, employment growth in Ontario's non-CMA areas has been negative over the last decade. More specifically, job creation rates in non-CMA areas in Ontario have declined by 5.64 percent during the past decade. This translates into 72,800 fewer jobs than in 2008 in the smaller towns and rural areas of the province.

It is important to recognize that cumulatively, the smaller CAs and urban areas of Ontario represent a substantial proportion of the province's population and workforce. In 2018, for instance, 16.8 percent of all employed people in the province were either in CAs or rural areas. If it were taken as a whole and considered a single CMA, Ontario's non-CMA/rural area would be the second most populous in the province, second only to Toronto.

These data suggest that many smaller communities in Ontario still have not fully recovered from the effects of the 2008/09 recession. The economic pain in these communities, which are found in southwestern, northern, and eastern Ontario outside of Ottawa, is easily overlooked, as the extent of the problem is not readily apparent from an examination of province-wide statistics or even CMA-level data. However, rural Ontario and the province's smaller communities represent an employed workforce of over 1.2 million people and, as such, challenges in

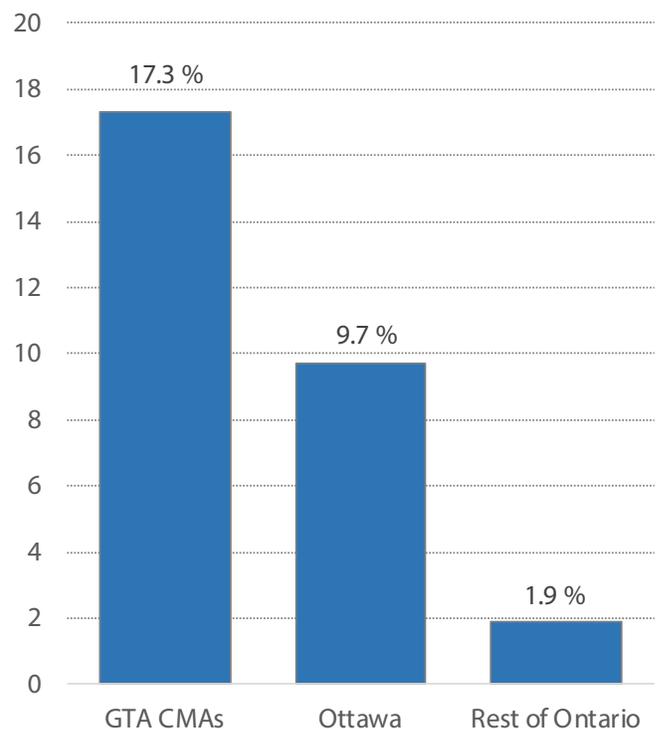
those areas represent an important provincial and even national economic problem.

How much of Ontario's job growth is centered in the GTA and Ottawa?

This section examines the extent to which observed job creation in Ontario over the past decade has been concentrated in the GTA and Ottawa.

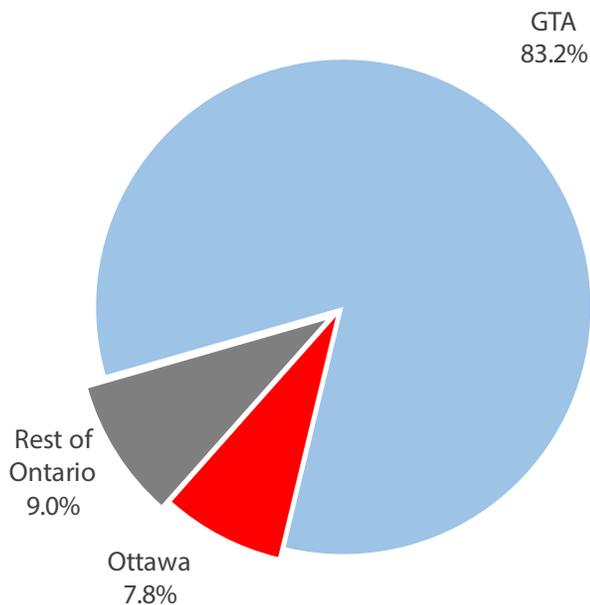
As noted, job creation over the past decade in the GTA CMAs (Toronto and Oshawa) has been 17.26 percent. Job creation in Ottawa has been

Figure 2: Job Creation (%) 2008 to 2018 in the GTA CMAs, Ottawa, and Rest of Ontario



Sources: Statistics Canada, 2019a, 2019b.

Figure 3: Share of Net Job Growth in the GTA, Ottawa, and the Rest of Ontario, 2008 to 2018



Sources: Statistics Canada, 2019a, 2019b.

9.7 percent. If we remove these CMAs, however, we see that net job creation in the rest of the province as a whole has been essentially flat between 2008 and 2018 at just 1.9 percent. Figure 2 shows job creation over the course of the decade in the GTA, Ottawa, and the rest of Ontario.

Figure 3 considers a similar question from a different angle by examining the share of Ontario's job creation that took place during the past decade that occurred in the GTA, Ottawa, and the rest of the province.

The figure shows that 83.2 percent of all net job creation in Ontario over the past decade occurred in the GTA CMAs (Toronto and Ottawa). A further 7.8 percent occurred in the Ottawa CMA. The rest of the province, taken as a

whole, accounts for just 9.0 percent of all net job creation in Ontario over the past decade. In other words, the GTA CMAs and Ottawa were responsible for 91 percent of all job creation in Ontario since 2008. In the rest of the province, net job creation has barely been sufficient to recoup the losses incurred during the 2008/09 recession.

Conclusion

In 2016 and 2017, the Fraser Institute published regional analyses of economic performance across Ontario. These analyses found that while economic performance in the Toronto area and Ottawa have generally been comparatively strong, economic outcomes in other parts of the province have generally been much weaker. This short update assesses the extent to which these basic trends have continued by focusing more narrowly on employment growth in Ontario's CMAs and its non-CMA areas, consisting of smaller towns and rural areas.

Job creation performance outside of the GTA CMAs and Ottawa has not been uniform. Some CMAs, such as Kitchener-Cambridge-Waterloo, have seen significant job growth, while others, including London, St. Catharines, Peterborough, and Thunder Bay have experienced minimal job growth or, in the case of the Greater Sudbury area, negative job growth. In smaller towns and rural areas taken as a whole, net job creation has been negative during the 2008 to 2018 decade. The analysis in this update supports the conclusions of the 2016 and 2017 Fraser Institute reports on Ontario's regional economic performance. It shows that while there have been pockets of growth, between 2008 and 2018 net job creation outside of the GTA CMAs and Ottawa has been minimal. These areas have taken an entire decade since the 2008/09 recession to recover their total em-

ployment levels, and any gains beyond that recovery have been minimal.

Further, the bulletin demonstrates the extent to which job creation in the province has been concentrated in Toronto and Ottawa in two different ways. First, we show that while the rate of job creation over the decade in the Toronto CMAs combined was 17.3 percent, and was 9.7 percent in Ottawa, net job creation in the rest of the province taken as a whole was just 1.9 percent between 2008 and 2018.

Second, we show that 91 percent of all net job creation in Ontario from 2008-2018 occurred in either Ottawa or the GTA CMAs of Toronto and Oshawa. Just 9.0 percent of all net job creation in the province occurred outside of these CMAs.

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Ben Eisen is a Senior Fellow in Fiscal and Provincial Prosperity Studies at the Fraser Institute. He holds a BA from the University of Toronto and an MPP from the University of Toronto's School of Public Policy and Governance.