

LABOUR MARKET OBSERVER

Commentary on Labour Market Performance in Newfoundland and Labrador

MARCH 2020

A summary of key labour market indicators from the March 2020 Canada Labour Force Survey (LFS) for Newfoundland and Labrador (NL) are provided in **Table 1**. These estimates are compared to figures for February 2020 and March 2019. Unsurprisingly, the figures suggest some dramatic changes coinciding with the onset of the

Table 1: Labour market characteristics, NL

			Change		Change (%)	
	Feb-20	Mar-20	Mar-19 to Mar-20	Feb-20 to Mar-20	Mar-19 to Mar-20	Feb-20 to Mar-20
Population	439,700	439,800	-1,800	100	-0.4%	0.0%
Labour force	253,500	246,300	-13,800	-7,200	-5.3%	-2.8%
Employment	223,200	217,400	-12,500	-5,800	-5.4%	-2.6%
Unemployment	30,300	28,900	-1,300	-1,400	-4.3%	-4.6%
Unemployment rate (%)	12.0	11.7	0.1	-0.3	-	-
Participation rate (%)	57.7	56.0	-2.9	-1.7	-	-
Employment rate (%)	50.8	49.4	-2.7	-1.4	-	-

Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted (number of persons unless otherwise stated). Adults age 15+.

COVID-19 pandemic and associated public health measures which have been introduced within NL and across Canada. The changes however do not fully reflect the impact of the health crisis on economic activity and labour market performance since there have been further restrictions on businesses and households imposed since March.

Compared to February, March 2020 has seen a fall of 7,200 or 2.8% in the size of the Province's labour force. This has entailed a fall of 5,800 persons in employment (equivalent to a 2.6% reduction) but a decrease in unemployment of 1,400 persons (4.6%). The unemployment rate has not changed significantly, though the participation rate has fallen by 1.7 percentage points (pp) and the employment rate by 1.4 pp.

The year-on-year comparison of March 2020 to March 2019 reveals a sharp decline in the labour market, too. The labour force has contracted by 13,800 persons (5.3%). Employment was down by 12,500 persons (5.4%) whilst unemployment has decreased by 1,300 persons (4.3%). Worryingly, but as expected under the unusual circumstances associated with the global health crisis, the participation rate for the Province fell from 58.9% in March 2019 to 56% in March 2020 (a decrease of 2.9 pp).

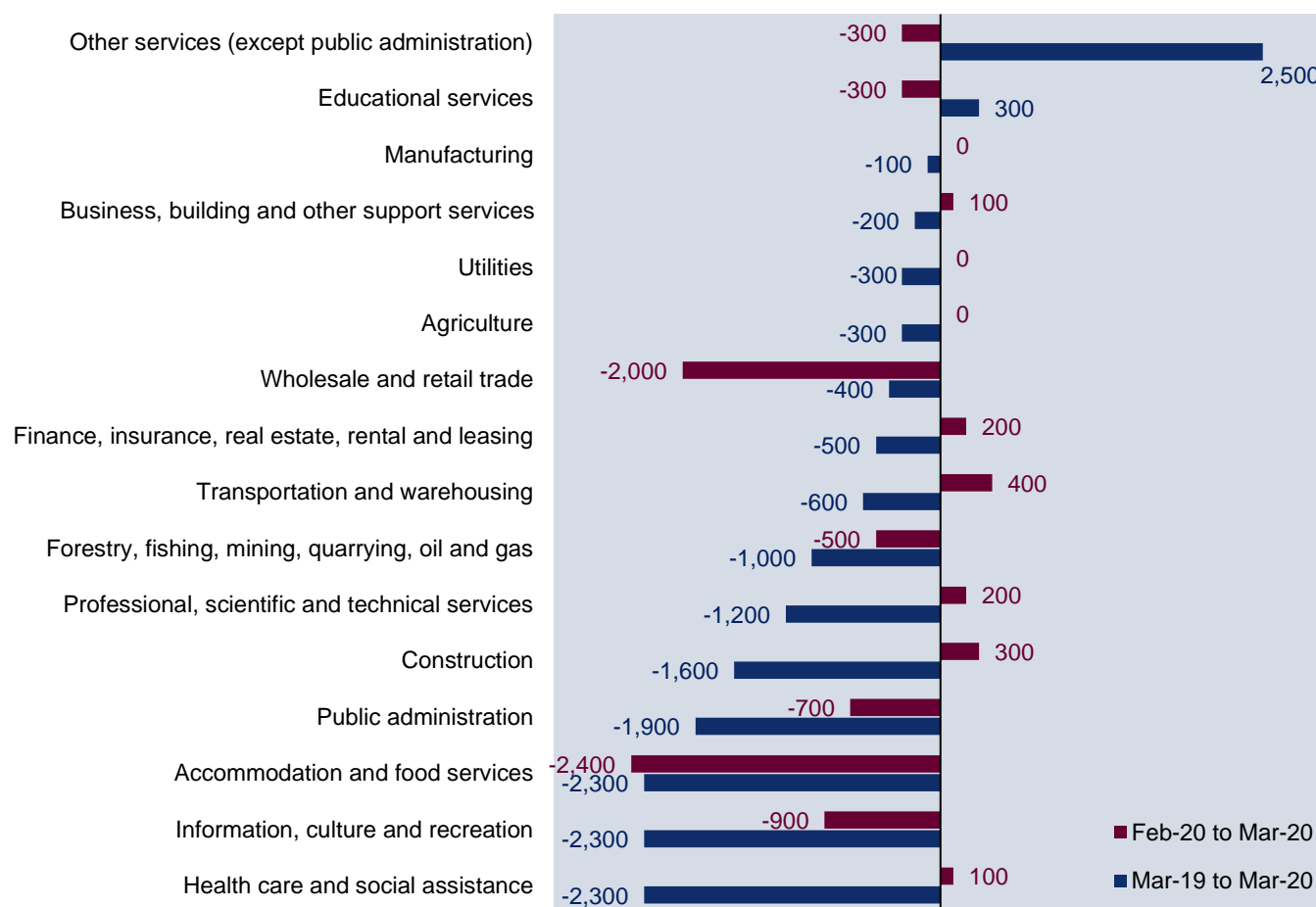
EMPLOYMENT BY NAICS

Month-to-month and year-on-year changes in employment within sectors (North American Industry Classification System (NAICS)) are set out in **Figure 1**. Compared to March 2019, there were statistically significant reductions in the numbers of persons employed in: health care & social assistance (decline of 2,300 persons); information, culture & recreation (2,300); accommodation & food services (2,300); and, public administration (1,900). Despite an overall drop in employment of 12,500 persons, employment actually grew in other services (except public administration) by 2,500 persons. Reductions in employment in a number of sectors between February and March 2020 have been pronounced. There were statistically significant decreases in employment from month-to-month in: accommodation & food services (down 2,400 persons); wholesale & retail trade (2,000); information, culture & recreation (900); and, public administration (700).

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Figure 1: Change in employment by industry (NAICS), Feb-2020 to Mar-2020 and Mar-2019 to Mar-2020



Source: Statistics Canada. Table 14-10-0355-01 Employment by industry, monthly, seasonally adjusted. Number of adults age 15+.

Note: Care should be taken when looking at data by NAICS due to small household samples in provinces such as NL. Other sources of data, such as the Survey of Employment, Payrolls and Hours (SEPH) can provide more reliable figures on these categories.

WHO HAS BEEN HIT HARDEST?

The overall changes in employment and labour force participation in March 2020 compared to the previous month and the same time last year are striking however, beneath these changes are uneven effects on particular segments of the labour market. **Table 2** provides a breakdown of the size of the labour force, employment and part-time employment for all adults, youth, and by sex.

Part-time employment, in particular, has noticeably declined compared to February 2020 and March 2019. The number of persons working part-time has dropped by 5,400 (more than 15%) year-on-year and by 7,000 (nearly 19%) between February and March 2020. There have also been dramatic declines in labour force and employment numbers for the **youth (ages 15-24 years)** segment of the labour market. The youth labour force fell by 4,000 persons (12.6%) from February to March and by 4,600 (14.2%) year-on-year. Youth employment accounted for around 12% of the total number of employed persons in the NL in February however, employment for this group decreased by 3,200 persons between February and March 2020. This fall is equal to more than half (55%) of all employment losses in that period (5,800 persons in total). Similarly, youth employment reduced by 3,600 persons between March 2019 and March 2020 which equates to just under 30% of the total reduction in employment for all adults (15+ years), year-on-year.

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The year-on-year and month-to-month changes reveal different patterns for **males vs females**. From March 2019 to March 2020, the male labour force contracted by 9,900 persons (7.2%) whilst there was a reduction of 4,000 females (3.3%). Year-on-year, employment fell by 9,100 males (7.8%) and 3,500 females (3.6%). The changes between February and March have been more similar for males and females. The female labour force contracted by 2.3% (2,800 persons) compared to a fall of 3.4% (4,500) for males. Employment went down by 3% (3,300) for males and by 2.2% (2,500) for females.

Table 2: Labour market indicators by age, sex and part-time employment, March 2020 and changes

		March 2020	Change Feb-20 to Mar-20	% change Feb-20 to Mar-20	Change Mar-19 to Mar-20	% change Mar-19 to Mar-20
Labour Force	All adults (15+ years)	246,300	-7,200	-2.8%	-13,800	-5.3%
	Males	127,200	-4,500	-3.4%	-9,900	-7.2%
	Females	119,000	-2,800	-2.3%	-4,000	-3.3%
	Youth (15-24 years)	27,700	-4,000	-12.6%	-4,600	-14.2%
Employment	All adults (15+ years)	217,400	-5,800	-2.6%	-12,500	-5.4%
	Males	108,200	-3,300	-3.0%	-9,100	-7.8%
	Females	109,200	-2,500	-2.2%	-3,500	-3.1%
	Youth (15-24 years)	22,900	-3,200	-12.3%	-3,600	-13.6%
Part-time Employment	All adults (15+ years)	30,400	-7,000	-18.7%	-5,400	-15.1%
	Males	9,000	-3,900	-30.2%	-4,100	-31.3%
	Females	21,500	-3,000	-12.2%	-1,300	-5.7%
	Youth (15-24 years)	8,100	-3,100	-27.7%	-5,000	-38.2%

Source: Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted.

LOOKING FORWARD

The LFS estimates for March 2020 appear to capture a number of negative impacts of the ongoing pandemic with significant reductions in labour market participation and employment being immediately apparent. The declaration of a public health emergency in NL and the imposition of various public health measures across Canada, including physical distancing, closure of non-essential businesses, etc. have had effects on day-to-day operations of all businesses and workers. Various supports for households and businesses have been announced since the first cases of COVID-19 were diagnosed in Canada however, the impacts of these are not yet evident. The Federal announcement of a 75% wage subsidy for small businesses to retain or re-hire workers was announced on 27 March thus any potential impact this may have on mitigating job losses would not have been picked up in the March LFS. The scale of further changes in the Province's labour market and the equity impacts are not yet entirely clear. The LFS data (and other sources) over the coming months should help illuminate to what degree government measures may be lessening the blow to workers in NL and across Canada. Future estimates and analysis should also aid in identifying which groups are being most disadvantaged under these unprecedented conditions. Such analysis can in turn be used in designing and targeting further policies to mitigate the wide-sweeping, negative shocks of COVID-19 on the performance of the economy and the labour market.

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