

# Setting the Scene: Future of Social Policy, Key Trends

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Mowat Centre  
ONTARIO'S VOICE ON PUBLIC POLICY



**1. Demographic trends**

**2. Longer-term labour market trends**

**3. Emerging issues – digital economy**

**4. Impact on jobs and skills**

# Canadian Context

- 21.9% of population is foreign-born
  - 2/5 of Canadian children have an immigrant background (at least 1 foreign-born parent)
  - Over 250 ethnic origins reported in 2016 Census
- 22.3% of population belongs to a 'visible minority' – expected to reach 1/3 Canadians by 2036
  - 51.5% of Toronto residents identify as a visible minority
- 1 in 7 Canadians over age of 15 reported a disability that limited their daily activities (2012)
- Women earn 87 cents to every dollar earned by men in Canada

# Ontario Snapshot

**FIGURE 1**  
**Highlights of Long-Term Demographic Projections**

Measures	Historical 2011	Historical 2016	Projection 2040
Population (000s)	13,264	13,983	17,802
Average Annual Growth from Previous Year Listed (%)	–	1.1	0.9
Age Distribution (%) - 0–14	16.6	15.9	15.0
Age Distribution (%) - 15–64	69.1	67.8	59.8
Age Distribution (%) - 65+	14.2	16.4	25.2
Total Dependency Ratio <sup>x</sup>	45	48	67

# 1. Labour Market trends

- **Unequal prosperity**
- **Rise of precarious work**
- **Declining unionization**

# Ontario – Wages and Skills

FIGURE 3

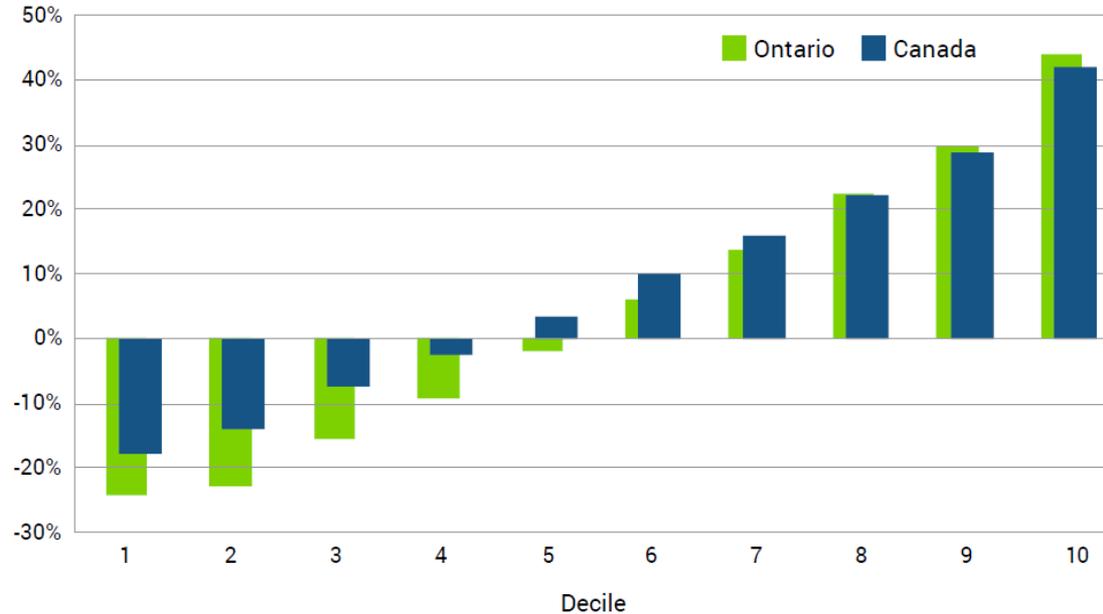
Real hourly wage by skill level, 1997 and 2016



# Unequal Prosperity

FIGURE 4

Percentage Change in Average Incomes between the Periods of 1976-79 and 2012-15 for Income After Tax (2015 \$'s) by Decile | Non-Senior Economic Households, Canada and Ontario



Source: Statistics Canada, Custom Tabulation from Canada Income Survey.

# Rise of precarious work

The standard employment relationship - characterized by full-time hours, permanency and benefits - is becoming increasingly rare



**Temporary workers**  
account for  
**13.5%**  
of Canada's workforce in **2016**,  
compared to **8.6% in 1997**

**Part-time workers**  
account for  
**19.6%**  
of Canada's workforce in **2016**,  
compared to **12.5% in 1976**

Source: CANSIM Table 282-0087, CANSIM Table 282-0079

# Declining unionization

- Unions have historically played important role in establishing decent wages, reasonable workday length and safe workplaces
- The rate of unionization has fallen from 37.6% in 1981 to 28.8% in 2014
- As the relationship between employer and employee changes, expectations of each becomes less clear

## 2. Emerging Issues

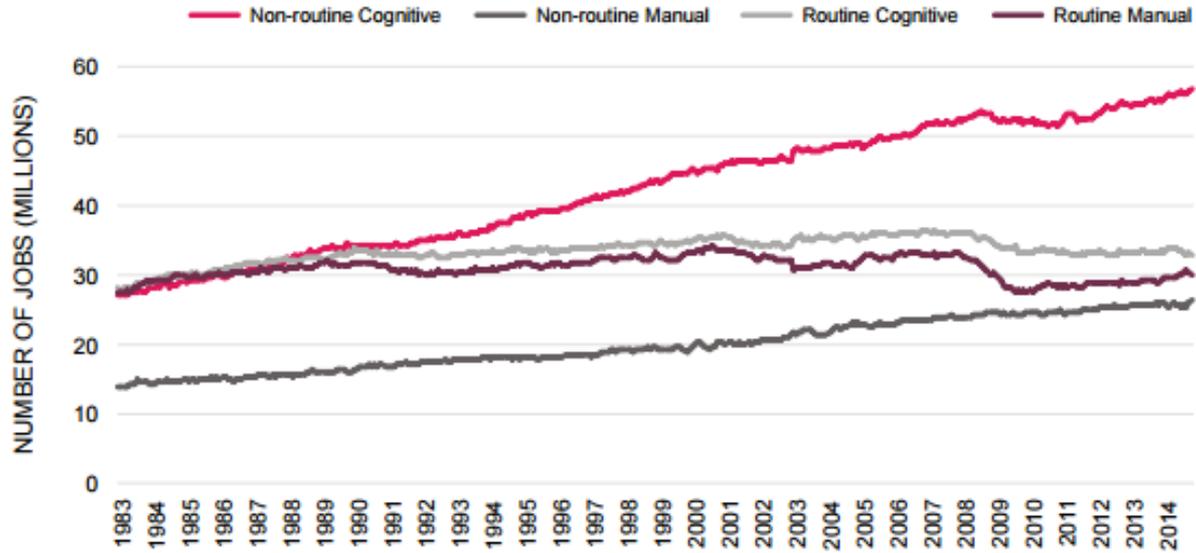
- **Unique nature of the digital economy**
- **Automation of industry**
- **Living in an on-demand society**

# Digitization

- ❑ Fewer full-time employees, in part due to technological advancements that enable higher productivity.
- For example, AT&T was America's most valuable corporation in 1964, worth USD \$267 billion (adjusted) with 758,611 employees.
- Today, technology giant Google is valued at USD \$370 billion with only 55,000 employees.

# Automation of industry

US Job Growth: Routine vs. Non-routine, Cognitive vs. Manual



Source: Maximiliano Dvorkin (2016) "Jobs involving routine tasks aren't growing" Federal Reserve Bank of St. Louis

# Automation of industry

## Comparing Job Loss Estimates

Study	Estimated risk of job loss to automation over 10-20 years	Percentage of workforce	Number of jobs
OCCUPATION-BASED METHODOLOGY			
Frey & Osborne (Oxford)	USA	47%	68,031,090
Lamb (Brookfield Institute)	Canada	42%	7,537,572
TASK-BASED METHODOLOGY			
Arntz et al. (OECD)	USA	9%	13,027,230
	Canada	9%	1,615,194

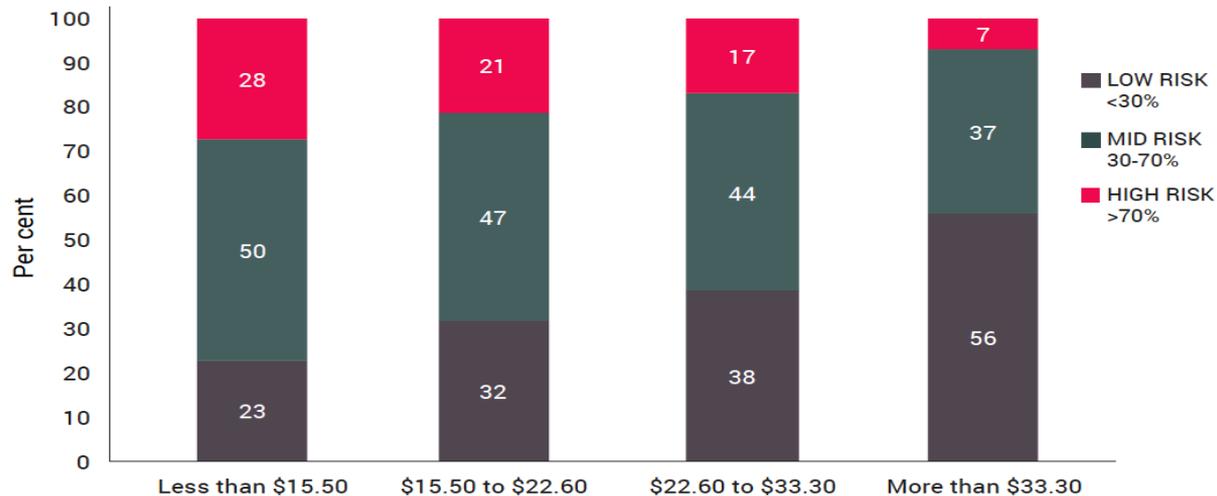
Many studies have attempted to estimate the size of job loss due to automation across various jurisdictions, using different methodologies

Source: Lamb (2016), Frey and Osborne (2013), CANSIM Table 282-0008, United States Bureau of Labour Statistics, Mowat Centre calculations

# Automation of industry

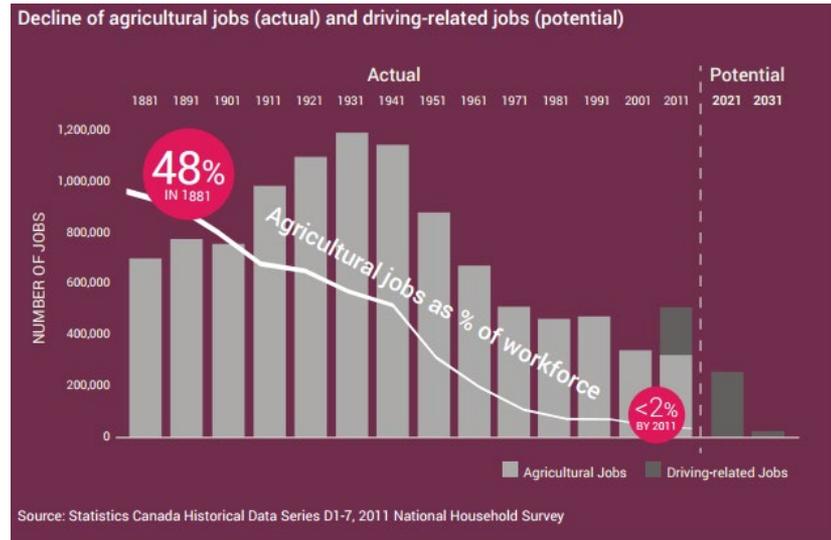
FIGURE 10

Distribution of employment by vulnerability to automation, by hourly wage group



# The pace of disruption

- Decline of agricultural jobs in Canada took 150 years (from 48% of workers to under 2%)
- 500,000 Canadians who drive for a living could be out of work within 10-15 years



Decline of  
agricultural jobs took  
150 years



Decline of  
driving-related jobs might take  
20 years

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