

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 ^x	45	48	67

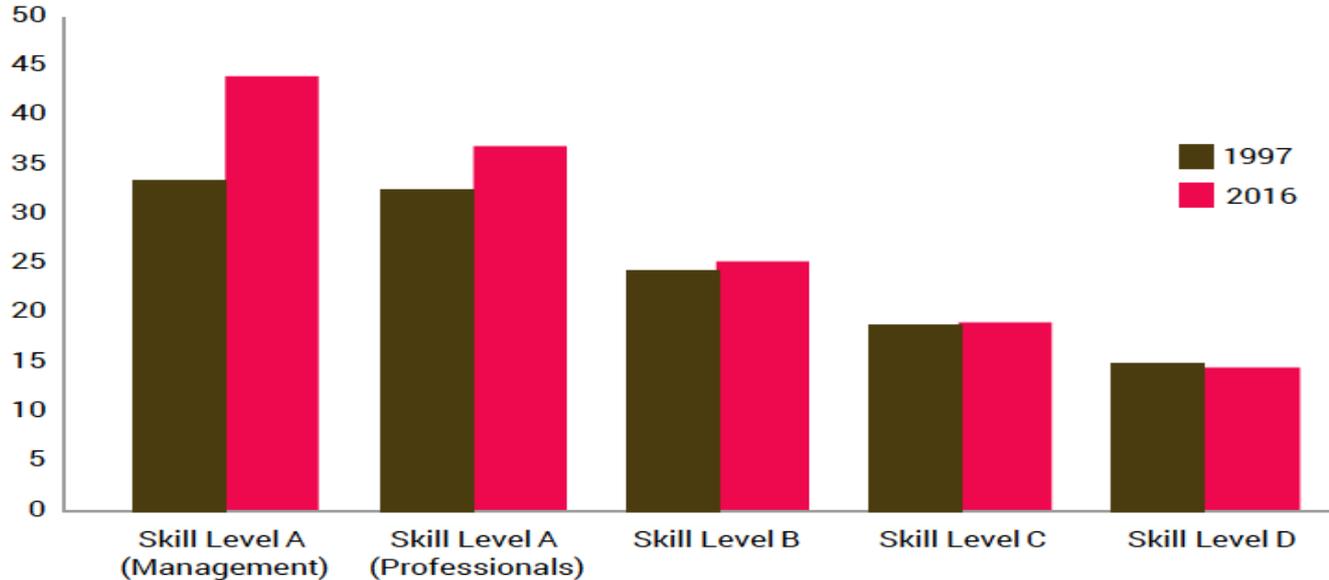
1. Labour Market trends

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

Ontario – Wages and Skills

FIGURE 3

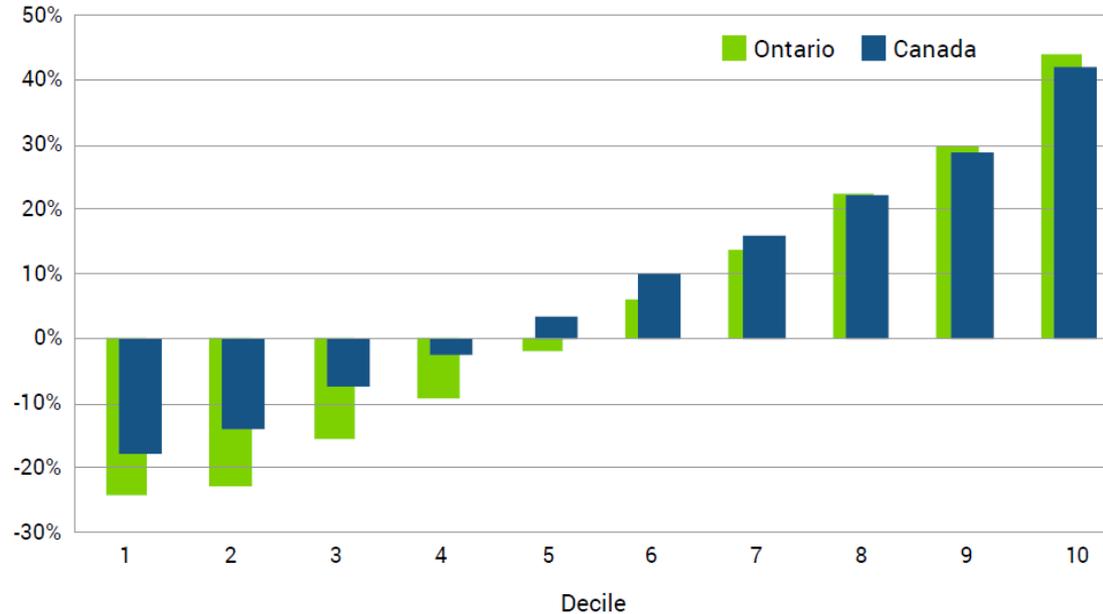
Real hourly wage by skill level, 1997 and 2016



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

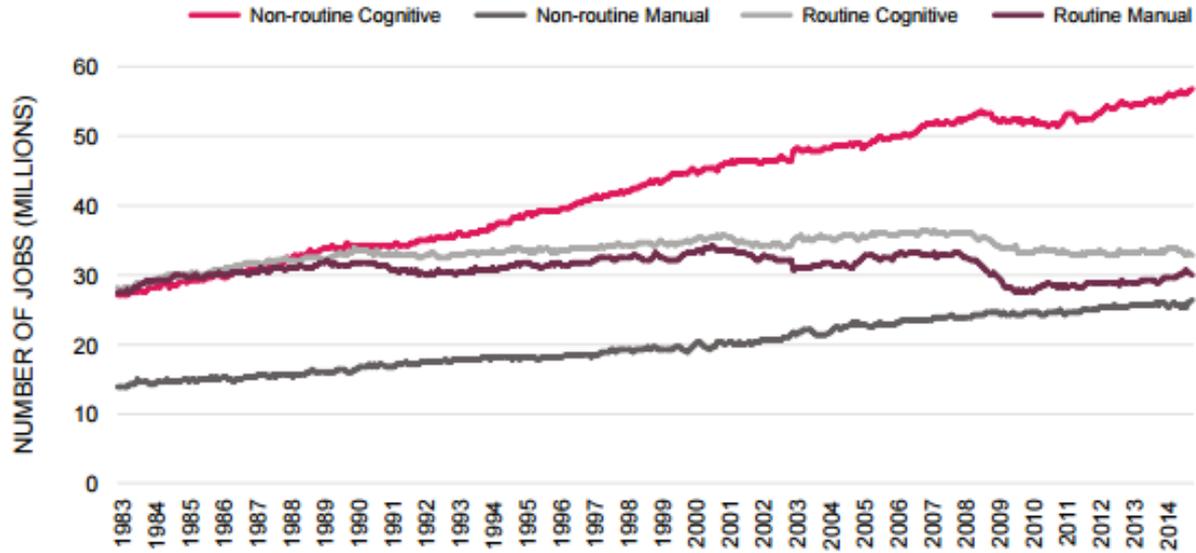
- **Unique nature of the digital economy**
- **Automation of industry**
- **Living in an on-demand society**

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

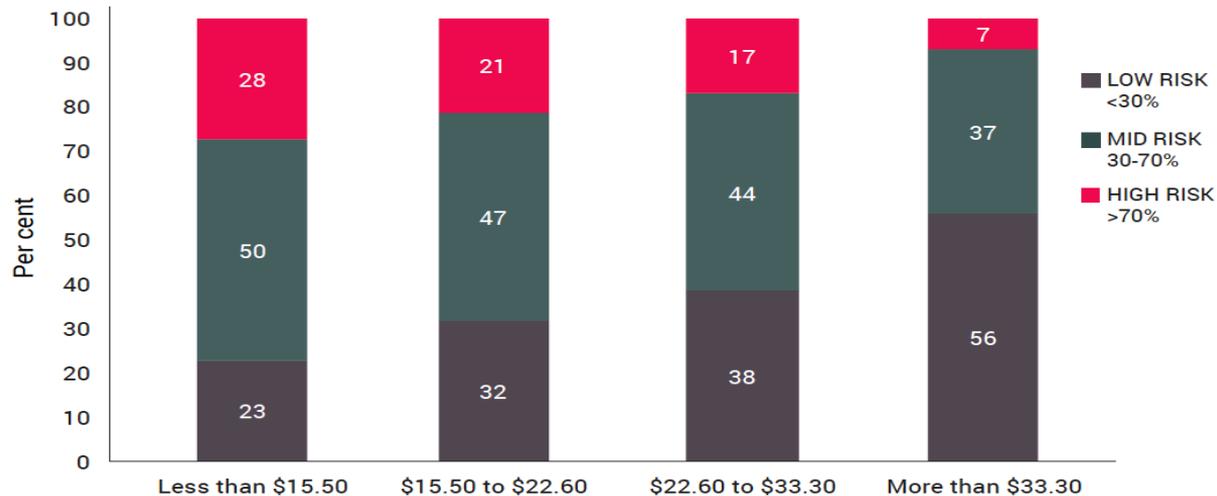
Many studies have attempted to estimate the size of job loss due to automation across various jurisdictions, using different methodologies

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

Automation of industry

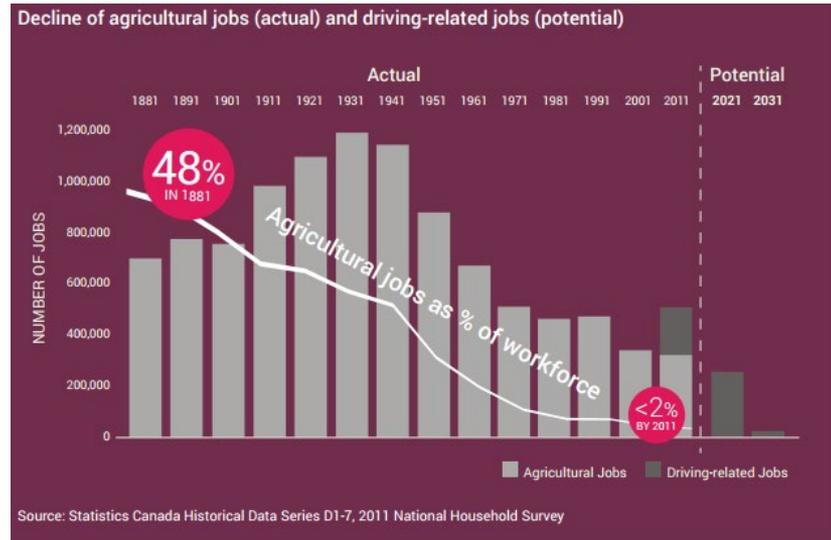
FIGURE 10

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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