

CLIENT SEGMENT PROFILE

Youth Aged 15 to 29

Ontario



April 2014

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Acronyms

CSP	Client Segment Profile
LFS	Labour Force Survey
NHS	National Household Survey

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About the Client Segment Profile

Each year, the Labour Market and Socio-economic Information Directorate in Service Canada, Ontario Region, produces Client Segment Profiles (CSPs) for Ontario. The CSPs provide provincial and local demographic and labour market information, trends and prospects for selected socio-demographic groups of the labour force, including youth, older workers, Aboriginal people, newcomers, persons with disabilities, seniors and official language minority communities.

CSPs are mainly intended to support regional Service Canada operations, especially with regard to the delivery of services and programs to specific client groups. However, they may also be of interest to those who seek to know more about the demographic and labour market trends for specific segments of the population.

Facts and statistics presented in this document reflect information available as of February, 2014

Key Points

In Ontario:

- The population share of youth continues to shrink as the share of seniors grows;
- Over the past decade, one-third of all migrants moving from Ontario to other provinces have been young people aged 15–29;
- School attendance among youth in Ontario is the second highest in the country;
- The share of Ontario youth with an apprenticeship or trades certificate or diploma is lower than the national average
- In 2013, the average youth unemployment rate in Ontario was 12.9%, higher than the national average of 11.1%;
- Among the provinces, Ontario had the third lowest employment rate for youth in 2013;
- Youth employment in manufacturing, trade, and information, culture and recreation has declined over the past decade;
- Employment rates are best for those who have completed postsecondary education; and
- Approaching 2020, the number of youth entering the labour force will not be sufficient to replace those planning to leave through retirements

Introduction

This profile provides an outline of the primary demographic and labour market characteristics for the youth population in Ontario. The variables analysed include age, interprovincial migration, educational attainment, employment and unemployment. In certain areas, comparisons with other age cohorts or other provinces/territories are made.

Client Group Definition, Data and Methodology

For the purposes of this profile, youth are defined as persons aged 15–29, therefore wherever possible data for youth aged 15–29 was used in the analysis. In cases where such information was not available, data for youth aged 15–24 was used.

The main sources of data for this report are the 2011 National Household Survey (NHS) and the Statistics Canada Labour Force Survey (LFS). We have also reviewed studies by Statistics Canada, Employment and Social Development Canada, other federal government departments and the Government of Ontario.

Statistics Canada's medium-growth population scenario was used as a source for population projections. These assumptions may change as projections are updated.

The information presented in this profile will be updated as more recent statistical information and research findings become available.

Note on tables and charts – because of the rounding of numbers and data sources used, totals may vary between charts and tables.

Section 1: Demographical Information

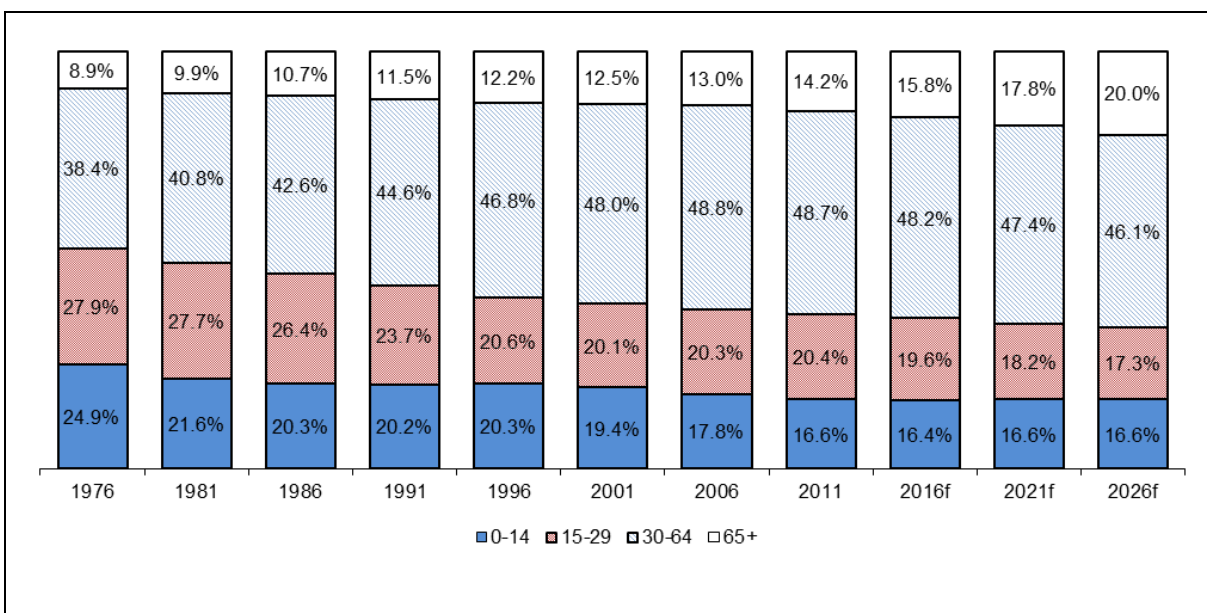
Population by Age Group – *The population share of youth continues to shrink as the share of seniors grows*

Over 2.75 million youth aged 15–29 resided in Ontario in 2013, representing 20.3% of the total provincial population. Ontario's youth population has grown steadily in size throughout the 2000's, although at a slower rate than the provincial population as a whole. As a result, the youth share of the total population has shrunk over the past decade. According to Statistics Canada, this trend is expected to continue, and by 2026 youth are expected to represent 17.3% of Ontario's population compared to 27.9% in 1976.¹

This demographic shift is largely due to the large number of ageing baby boomers in Ontario, which is driving the rapid growth rate of the population aged 65 and over, as shown in Figure 1.

¹ Statistics Canada, CANSIM tables 051-0001 and 052-0005

Figure 1: Proportion of Population by Age Group, Ontario, 1976–2026

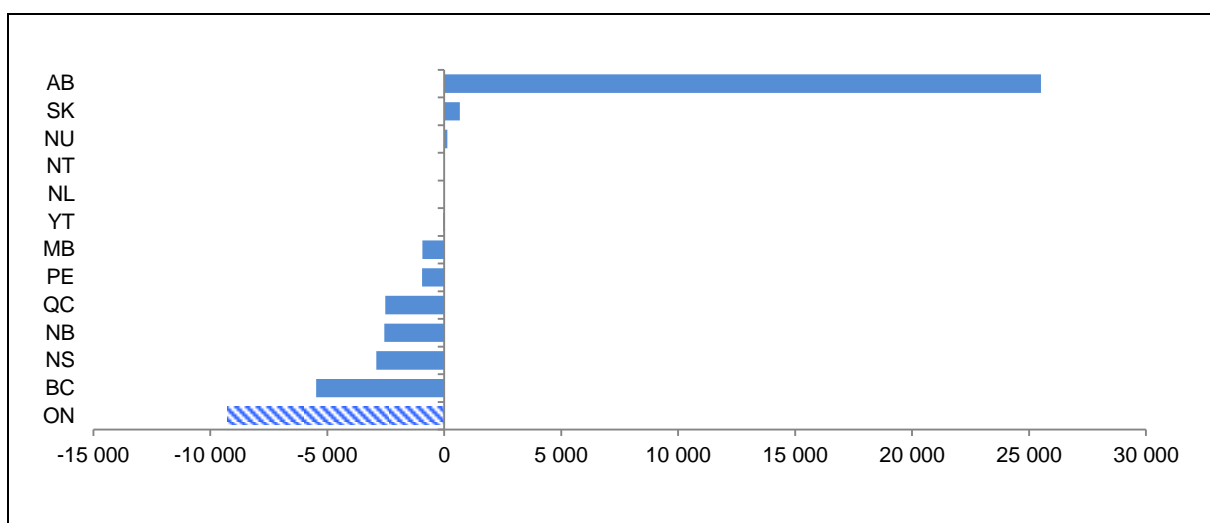


Source: Statistics Canada, CANSIM tables 051-0001 and 052-0005 (M1: medium-growth, historical trends (1981 to 2008))

Interprovincial Migration – Over the past decade, one-third of all migrants moving from Ontario to other provinces have been young people aged 15–29

In 2012/2013, Ontario had the highest net interprovincial migration deficit in the country with more than 9,000 youth leaving the province than arriving. In general, interprovincial migration is highly correlated with employment growth. A persistently weaker job market relative to other provinces in the country has likely contributed to Ontario’s ongoing net interprovincial migration losses over the past decade. During this period, one-third of all migrants moving from Ontario to other provinces have been young people aged 15–29 as they tend to be more mobile due to fewer constraints and obligations tying them down to one location.

Figure 2: Net Interprovincial Migration of Youth Aged 15–29 by Province/Territory, 2012/2013

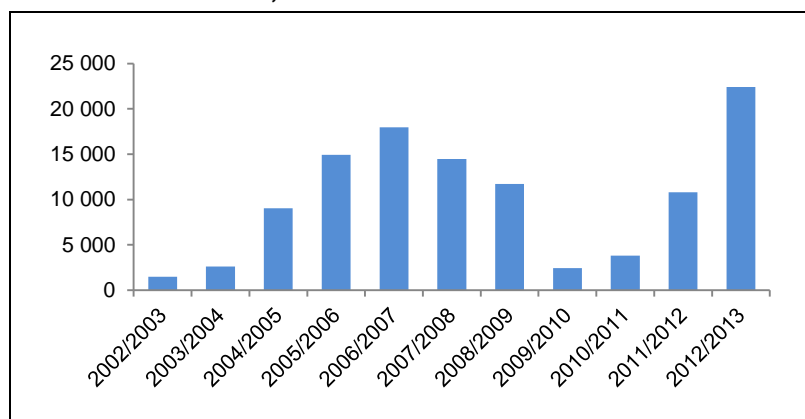


Source: Statistics Canada, CANSIM Table 051-0012

Annual net migration from Ontario to Alberta has varied from slightly less than 1,500 in 2002/2003 to about 22,000 in 2012/2013 as shown in Figure 3. Within this ten year time period, Ontario's migration trade deficit with Alberta exceeded 110,000 people (all ages), the largest number between two provinces.

The significant increase in migration to Alberta between 2002/2003 and 2012/2013 can be attributed to the abundant job opportunities available in that region, which had a fast growing economy and an unemployment rate of approximately 4.6% in 2013.

Figure 3: Year-Over-Year Net Interprovincial Migration to Alberta from Ontario, 2002/2003–2012/2013



Source: Statistics Canada, CANSIM Table 051-0019

School Attendance and Educational Attainment – *School attendance among youth in Ontario is the second highest in the country*

Youth participation in education is an area where Ontario excels relative to the rest of Canada. In 2011, Ontario ranked second in the country with a school attendance rate of 56.3%, only 0.6 percentage points behind Quebec. Compared to the national average, Ontario's youth are also slightly more educated in terms of highest level of education attained. However, differences in education levels exist among types of postsecondary education. According to the 2011 NHS, 6.6% of Canadians aged 15–29 held an apprenticeship or trades certificate or diploma while Ontario ranked lower, with only 3.4% of youth with an apprenticeship or trades certificate or diploma.²

In contrast, the share of people aged 65 and over with an apprenticeship or trades certificate or diploma in Ontario was 10.5%, more in line with the national average of 11.5%. The underrepresentation of youth in the trades may place pressure on the provincial labour market in the future as employers look to fill positions for skilled trades.³

Section 2: Labour Market Analysis

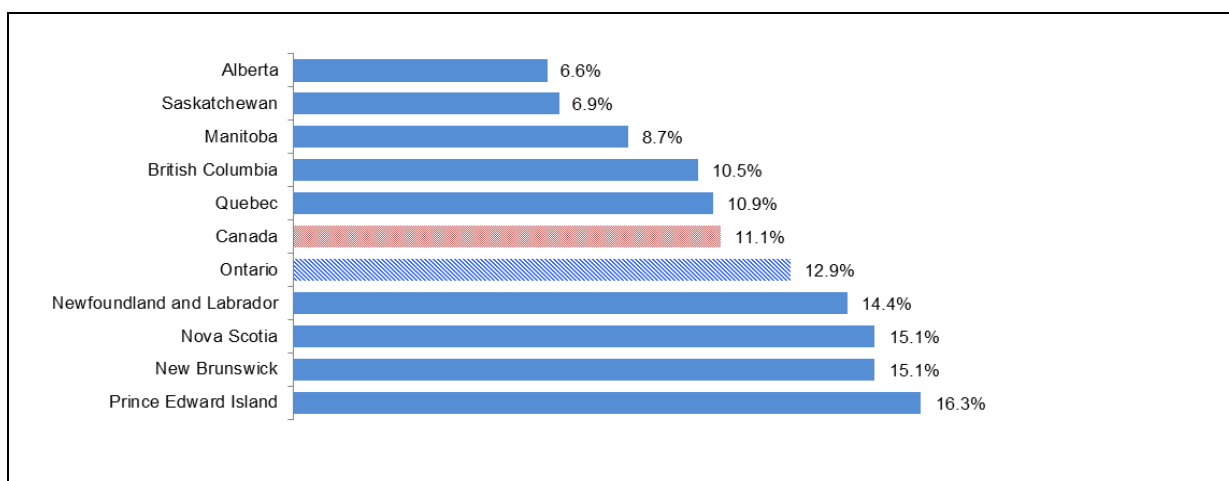
Unemployment – *In 2013, the average youth unemployment rate in Ontario was 12.9%, higher than the national average of 11.1%*

In 2013, the average youth unemployment rate in Ontario was 12.9%, higher than the national average of 11.1%. In comparison, Alberta had the lowest youth unemployment rate at 6.6% while Prince Edward Island had the highest at 16.3%.

According to the LFS, the number of youth employed in Ontario's labour market in 2013 was relatively unchanged when compared with 2012. However, the number of youth employed on a full-time basis decreased while part-time employment increased in 2013.

² Statistics Canada, 2011 NHS, Statistics Canada Catalogue no. 99-012-X2011040

³ Ibid

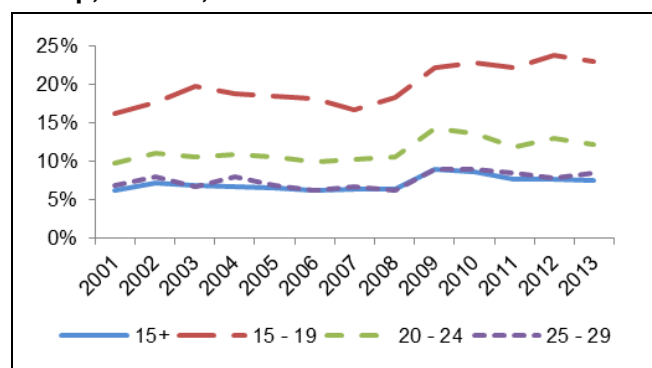
Figure 4: Unemployment Rate of Youth Aged 15–29 by Province, 2013

Source: Statistics Canada, CANSIM Table 282-0002

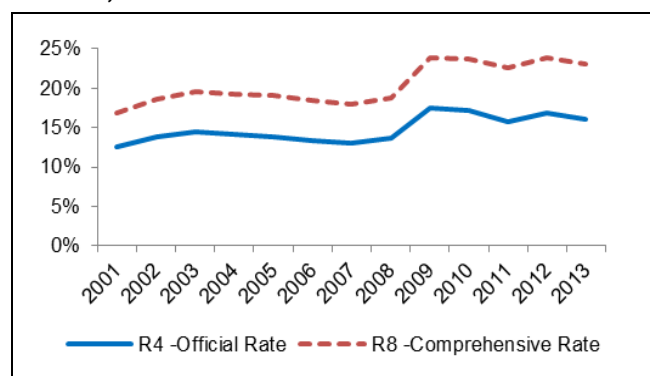
Historically, youth have had a higher unemployment rate than the core working-age (25–54) population. In addition, the younger age groups (15–19 and 20–24) within the youth cohort tend to have higher unemployment rates than the 25–29 age group, as illustrated in Figure 5. For youth aged 15–19, the unemployment rate was 23.0% in 2013, a 0.8 percentage point decrease from 2012. The 2013 average unemployment rates for the two other youth cohorts, 20–24 and 25–29, were 12.3% and 8.6%, respectively. In comparison, their respective unemployment rates averaged 13.0% and 7.9% in 2012. Between 2001 and 2013, the youth unemployment rate for males was higher than females; however, the gap tended to narrow for the eldest youth cohort.

According to various supplementary measures of unemployment published by Statistics Canada, the most broadly defined rate of unemployment (R8) has persistently been much higher than the official rate of unemployment (R4) for the labour market as a whole. This is because this broader measure also accounts for discouraged job searchers, involuntary part-time workers, and individuals waiting to be recalled to work or hear from a potential employer.⁴

Relative to other age groups, this broader measure of unemployment (referred to as the comprehensive rate in Figure 6) indicates an even more depressed labour market situation for

Figure 5: Unemployment Rate of Youth by Age Group, Ontario, 2001–2013

Source: Statistics Canada, CANSIM Table 282-0002

Figure 6: Official and Comprehensive Unemployment Rates of Youth Aged 15–24, Ontario, 2001–2013

Source: Statistics Canada, CANSIM Table 282-0086

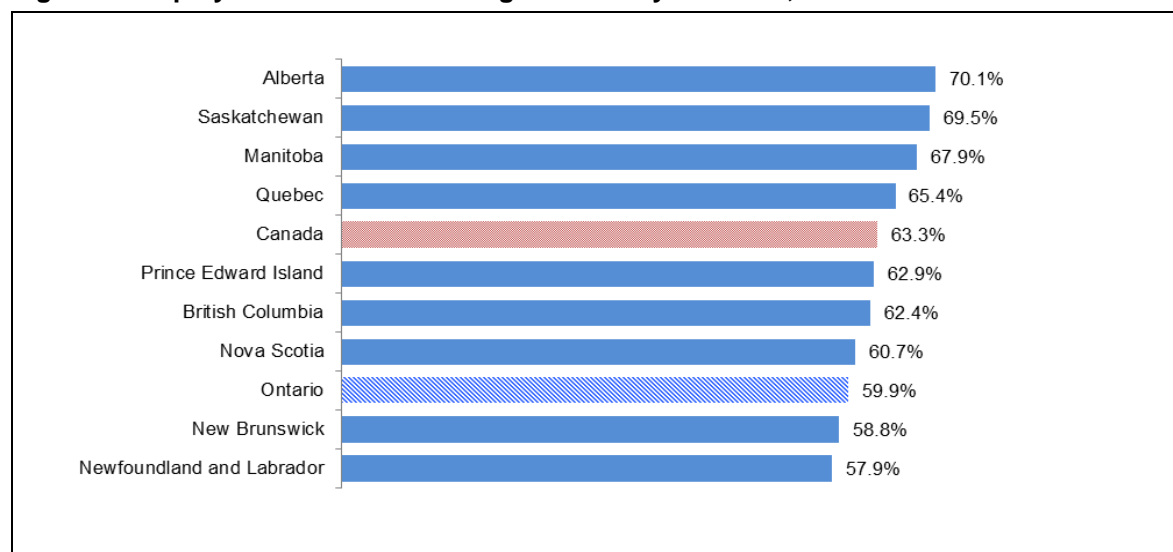
⁴ <http://www.statcan.gc.ca/pub/75-001-x/2011001/article/11410-eng.htm#a7>

youth than the official unemployment rate. As of 2013, the average annual official unemployment rate for youth aged 15–24 was 16.1%, significantly lower than the more comprehensive unemployment rate of 23.0%. Moreover, the gap between the official and more comprehensive unemployment rates has increased over time from 4.2 percentage points in 2001 to 6.9 percentage points in 2013, demonstrating a trend towards a higher prevalence of discouraged searchers, involuntarily part-time employees and people waiting to be recalled or hear back from a potential employer.

Employment – Among the provinces, Ontario had the third lowest employment rate for youth aged 15–29 in 2013

Among the provinces, Ontario had the third lowest employment rate for youth aged 15–29 in 2013 and was one of four provinces to see a decline in its youth employment rate between 2012 and 2013, signalling a weak labour market for youth.

Figure 7: Employment Rate of Youth Aged 15–29 by Province, 2013

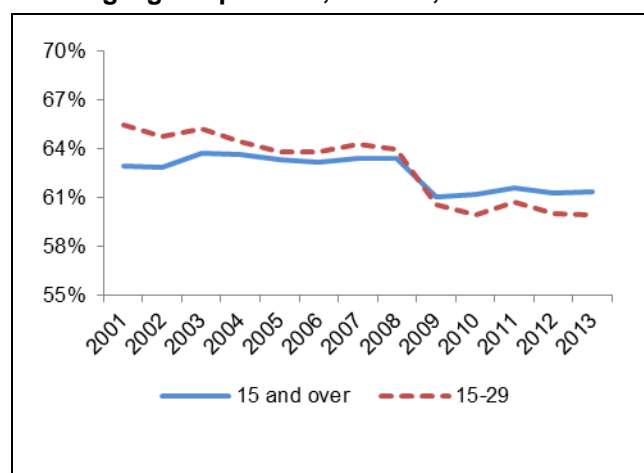


Source: Statistics Canada, CANSIM Table 282-0002

Although the 2008 recession affected all age groups, youth aged 15–29 were disproportionately impacted. The prevalence of part-time and short-term employment among youth was likely a contributing factor as employers tend to shed non-traditional jobs first in times of economic duress. In addition, youth have had a much tougher time returning to pre-recession employment rates compared to other age groups, as illustrated in Figure 8.

From a long-term perspective, the youth employment rate in Ontario has been in decline since the 1980s. Between 1981 and 2011 Ontario's youth employment rate decreased for most youth cohorts, with women aged 25–29 being the only group that increased their employment rate during this period. The increased uptake of postsecondary education

Figure 8: Employment Rate of Youth and Working-Age Population, Ontario, 2001–2013



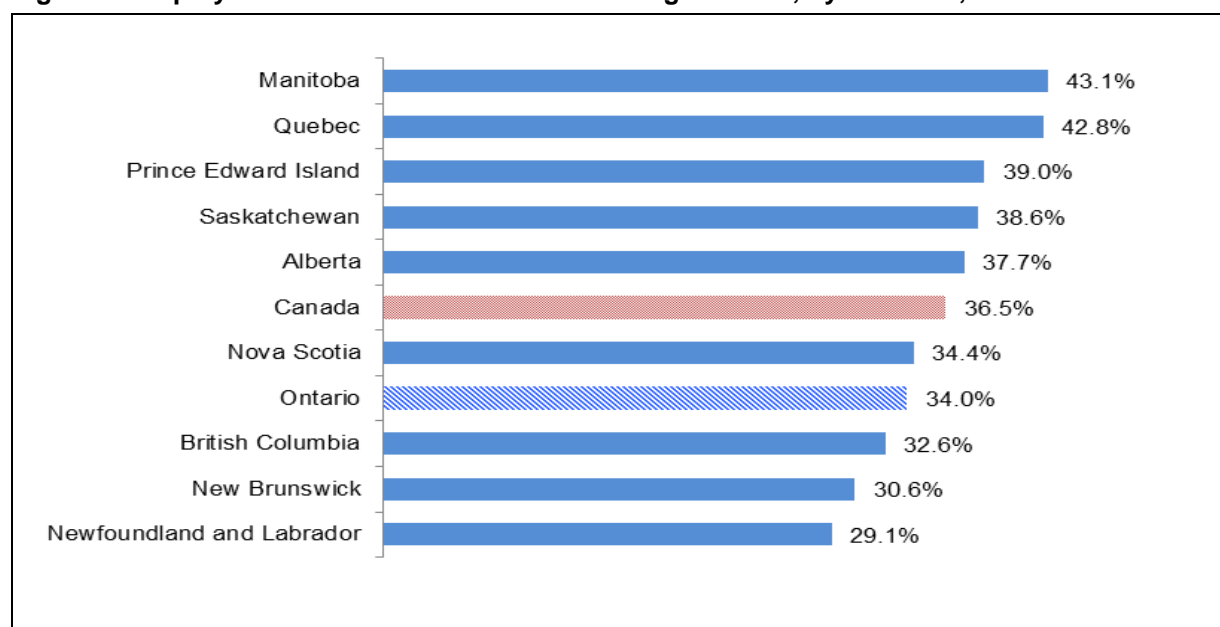
Source: Statistics Canada, CANSIM Table 282-0002

among youth likely played a role in the drop in employment rates.

In 2013, the percentage of employed youth working part-time in Ontario was 35.6%, second only to Quebec. Many young people working part-time were primarily doing so due to their school commitments. A significant portion of the youth cohort was also working part-time because of a lack of full-time opportunities; this share was similar to that of the general working-age population.

In 2013, employment rates for full-time students across provinces ranged from a high of 43.1% in Manitoba to a low of 29.1% in Newfoundland and Labrador, as indicated in Figure 9. Ontario's employment rate for full-time students was in the bottom half of the distribution and below the national average of 36.5%. Moreover, this rate has been decreasing over the past decade, going from 40.6% in 2000 to 34.0% in 2013; nationally, a smaller drop occurred during the same period.

Figure 9: Employment Rate of Full-Time Students Aged 15–29, by Province, 2013



Source: Statistics Canada, CANSIM Table 282-0095

Employment by Industrial Sector – Youth employment in manufacturing decreased over the past decade, while employment in accommodation and food services grew

Table 1 shows the top five industries of youth employment. The low requirements for employment in these industries help explain why youth gravitate towards them, since youth generally have not accumulated significant experience or skills required for more knowledge-based occupations. Since many youth are also engaged in some form of education or training, part-time employment and non-traditional hours offered in the services industry may also be more appealing.

Table 1: Top Five Industries of Employment of Youth Aged 15–24, Ontario, 2003 and 2013

Industry	2003	2013
Retail trade	25.7%	25.0%
Accommodation and Food Services	16.2%	19.1%
Information, culture and recreation	7.3%	7.3%
Construction	5.3%	6.2%
Manufacturing	10.4%	6.0%

Since 2003, employment among

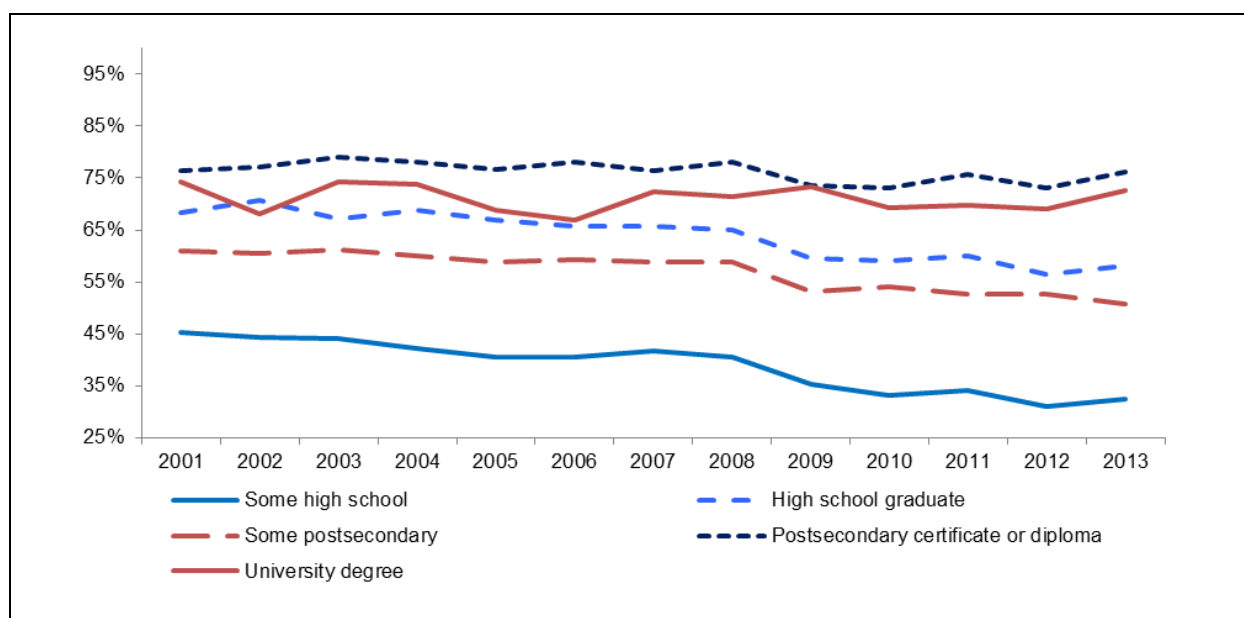
Source: Statistics Canada, CANSIM Table 282-0008

youth aged 15–24 experienced a significant decline in manufacturing and a notable increase in accommodation and food services; this general trend also held for the entire working-age population.

Employment by Highest Level of Education – *Employment rates are best for those who have completed postsecondary education*

Employment rates for youth are closely related to the level of education attained; youth aged 15-24 with higher levels of education have higher employment rates than those with little or no formal education, as illustrated in Figure 10. With the exception of 2002, university and college graduates have had an advantage in the labour market, especially when compared to those with only some postsecondary education. This trend also holds true for the core working-age population.

Figure 10: Employment Rate of Youth Aged 15–24 by Educational Attainment, Ontario, 2001–2013



Source: Statistics Canada, CANSIM Table 282-0004

Future Labour Market Needs – *Towards 2020, it is projected that the number of youth entering the provincial labour market will no longer outpace the number of people entering retirement*

Historically, the number of young people entering the labour market has outpaced the number of people approaching or entering retirement.⁵ However, as Ontario's senior population continues to grow at a relatively fast rate, it is projected that the number of youth entering the provincial labour market will no longer outpace the number of people leaving it each year.

In 2013, Ontario's labour replacement index (LRI)⁶, a calculation used to estimate whether the number of people entering the labour market is large enough to replace the number of people expected to leave it, was 108.5 as shown in Figure 11, indicating that the number of people entering the labour market slightly outnumbered the number of people expected to leave.

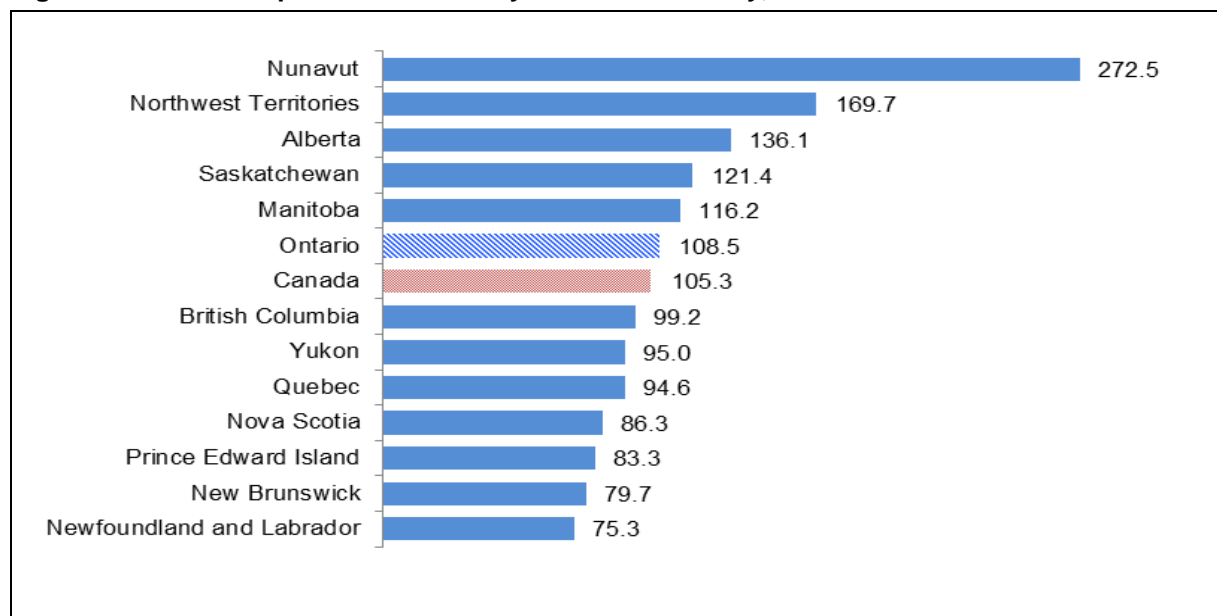
Approaching 2020, Ontario's LRI is projected to fall below 100 for the first time. When the baby boomer generation in Ontario leaves the labour force in large numbers in the latter half of the decade, the effects

⁵ Statistics Canada, CANSIM Tables 051-0001 and 052-0005 (M1:medium-growth, historical trends 1981 to 2008)

⁶ LRI calculation = (number of people aged 20-29*100) / number of people aged 55-64

of a relatively smaller youth cohort will be felt in both the labour force and the economy. As a result, Ontario may find itself increasingly dependent on immigration and other forms of population growth to address labour market gaps resulting from a smaller labour force.

Figure 11: Labour Replacement Index by Province/Territory, 2013



Source: Statistics Canada, CANSIM Table 051-0001

Conclusion

The youth share of Ontario's population is expected to continue to decrease in the coming decade, largely as a result of the ageing baby boomer population. Due to this trend, it is expected that beginning roughly in 2020 the number of people leaving the labour market will outpace the number of youth entering it for the first time in Ontario since this data was initially recorded. This may be exacerbated by net labour force outflows to other faster growing provinces, particularly Alberta.

Despite being among the most educated in Canada, many Ontario youth struggle to find suitable employment, as a number of indicators point towards a weak youth labour market. As a result, youth may have difficulty gaining the work experience necessary to advance in the labour market. Better labour market integration and skills development of youth will be important to ensure a healthy labour market and economy.

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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For information on Statistics Canada products, please visit the Statistics Canada Web site at: www.statcan.gc.ca

References

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