

Jobs Overview — January-April 2013

Despite the general increase in population since the end of last quarter, an increase in employment rate has been observed in Ontario and specifically in South-Western Ontario by 0.10% and 0.12% respectively.

The general Canadian employment rate has seen a reduction by 0.1%. Please refer to Figure 1 which plots monthly changes in the employment rate in each area. Over Q1 the employment rate in SWO (being the most volatile out of the three) has demonstrated the sharpest jump since the end of the last quarter. The historical pattern suggests that the indicator tends to peak at the end of first quarter of each year. While, the general Canadian employment rate has fallen, it has been offset by a 0.2% drop in corresponding unemployment rate. While the following movement is not part of Q1 changes, there has been substantial decrease in employment rate in SWO over April (-0.34%). This is unusual since the indicator has peaked in April in previous years.

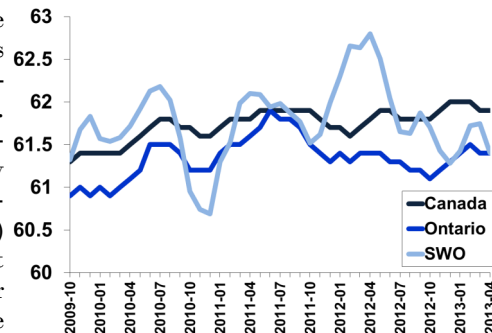


Fig 1. Employment rate trends

This issue:

- Employment jumps by 0.45% in SWO
- Breaking down the unemployment rate changes by immigration status

Special feature:

- The National Household Survey and the Quality of Labour Market Data in Canada

Labour Market News is published quarterly, providing an economist's view of labour market trends and policy issues.

During the Q1 of 2013 the unemployment rate has decreased across all three areas, except SWO (See Figure 2). The January-April increase in unemployment rate in SWO was 0.45%. This region has not seen such a substantial increase in unemployment rate during this time of the year since 2009.

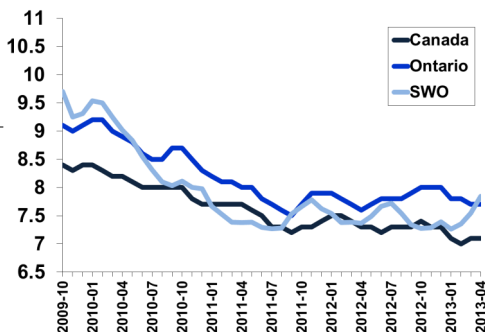


Fig 2. Unemployment rate trends

If fact, the first quarter has always demonstrated a reduction in unemployment rate since then. The corresponding changes in the unemployment rate in Ontario and Canadian labour markets have been -0.3% and -0.2% which is consistent with the trend that is observed for quarter one.

The month of April has ended with the labour market indicators on the following levels: employment rates at 61.40%, 61.40%, 61.90%, and unemployment rates at 7.85%, 7.70%, 7.10% in SWO, Ontario and Canada respectively.

Immigrants on Canadian Labour Market — First Quarter 2013

The most recent release of Labour Force Survey has also provided an update on the unemployment rates with the breakdown by immigration status. Thus we could calculate the difference in the unemployment rates between immigrants and natives. As expected, the gap remains positive at any time, indicating higher general unemployment rate among immigrants. Figure 3 plots the immigrant-native unemployment rate gap among high school and university graduates. The gap is significantly higher among participants who declared university to be their highest level of educational attainment indicating that the labour market adjustment among higher-educated immigrants is more difficult than it is among lower-educated immigrants. Aside from seasonal fluctuations, it seems that the changes in the gap among high school graduates has taken on a pattern that is coun-

tercyclical to the immigrant unemployment gap among university graduates. Especially it has been seen during this past quarter.

The unemployment rate gap between native Canadians and landed immigrants has been reducing (aside from seasonal fluctuations), while the gap for Ontario has been more or less coinciding with the gap for Canada as a whole. However, starting from November, 2012, the gap in Ontario has demonstrated a significant

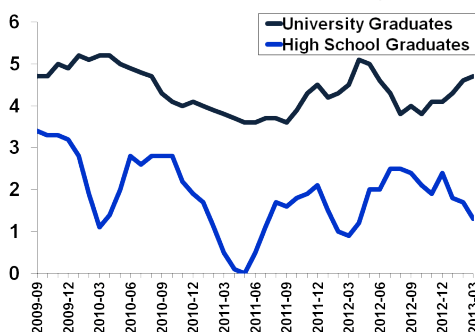


Fig 3. Unemployment Gap (Canada)

drawdown (to as low as 0.5%) indicating that during last two quarters, immigrants have performed much better than before relative to natives. This is mainly due to significant reduction in the unemployment rate among immigrants (1.4% drop during Q4, 2012), while the “native” unemployment rate followed its usual pattern. If the trend continues, immigrants in Ontario would be expected to enjoy more favourable employment opportunities and higher probability of employment during 2013.

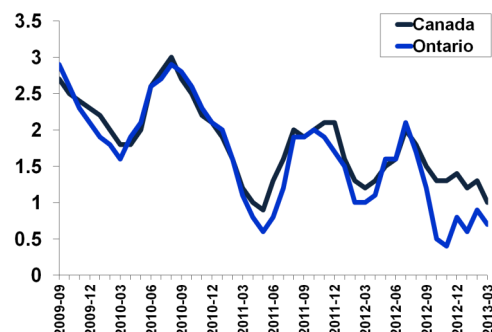


Fig 4. Unemployment Gap (All education levels)



Labour Market News

May 10, 2013

The National Household Survey and the Quality of Labour Market Data in Canada

This week marks the release of the first phase of data from Statistics Canada's new National Household Survey (NHS), the voluntary survey that replaced the mandatory long form Census. While the release of Census information has always garnered a lot of press, the release of NHS data is getting extra attention because of the controversy surrounding its implementation. Statisticians are worried that due to its voluntary nature, NHS data is of questionable reliability, and to make matters worse, it puts the quality of other Statistics Canada surveys at risk. In particular, datasets that collect important labour market information, like the Labour Force Survey (LFS) and the Survey of Labour and Income Dynamics (SLID) are directly affected by the potential issues arising from the switch from a mandatory to a voluntary Census.

The Census of Canada formerly consisted of two parts: 1) the "short form," a short mandatory survey sent 100% of Canadian households that enumerates the population and collects basic information on things like gender, age, marital status, and more recently, language; 2) the "long form" a much longer mandatory survey sent to a sample of 20% of households that collected information on income, immigration, ethnic origin, Aboriginal status, religion, education, housing, and more. In 2010, much to the dismay of Statisticians, Economists, and anyone else that works with data, the federal government made the long form voluntary and renamed it the NHS. The short form remains mandatory.

The main sticking point for statisticians is that a voluntary survey significantly raises the number of households that do not respond. This becomes problematic when the non-response differs across population groups. To take an extreme example, suppose we survey the population about their incomes in an effort to figure out the average income in Canada, but only men respond to the survey. The resulting set of respondents is not representative of the population, and will therefore give incorrect estimate of the income of the typical Canadian. The government reacted to this criticism by suggesting that increasing the sample size from 20% to 30% of the population will fix the problem. Unfortunately, it will not; we will simply have a larger amount of skewed data. Statistics Canada does have tools to correct for non-response, including benchmarking against other datasets, imputation,

and reweighting data, but it will not solve the whole problem, especially if non-response is based on characteristics for which we have no benchmark. In fact, as I discuss below, the Census itself was the benchmark that many other datasets used to correct for non-response, a role it may no longer be able to serve.

The NHS data released this week (on Aboriginal Peoples and Immigration – labour data to come June 26) appear at least in part to validate statisticians' concerns. The across-Canada response rate was 68.6%, with a low of 60.4% in PEI to a high of 83.9% in the Northwest Territories. In roughly 1/5 of Census Subdivisions (municipalities), the response rate is 50% or less. Some statistics derived from this data by Frances Wooley of Carleton University also appear to show unusually large changes relative to the previous Census, and to conflict with other available data. For example, the total Visible Minority population looks to have increased by 23.6% since 2006, with a 31.6% decrease in the West Asian population, and a 50.8% in the Filipino population (see http://worthwhile.typepad.com/worthwhile_canadian_initi/2013/05/yup-the-nhs-did-produce-some-weird-data.html#more). While these could actually be real shifts in populations, their size is sufficient to raise red flags.

How does non-response in the NHS affect labour market data? If it varies across income levels, occupation, industry, etc., then common statistics derived directly from the Census may be skewed. What is more, surveys like the LFS (which is used to derive statistics for this newsletter) and SLID are benchmarked against the Census to ensure they are representative of the population, and weights are created to adjust for discrepancies. The methodology behind the LFS sampling scheme is also based, in part, on information drawn from the Census. Without the Census as a reliable benchmark, those datasets may also produce biased results.

Though we will have to wait until the next month to check the NHS for abnormalities in the labour market data, the problems found in the release of data on Aboriginal Peoples and Immigrants does not bode well for those numbers.

Citations:

Green, David A., and Kevin Milligan. "The Importance of the Long Form Census to Canada." *Canadian Public Policy* 34.3 (2010): 383-388.

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