

TD ECONOMICS EXPLORES MISMATCH OF PERCEPTION AND REALITY IN NEW JOB REPORT

TORONTO -- A new TD Economics report throws “cold water” on predictions of large and persistent job shortages in Canada, as well as views that today’s youth will be a “lost generation.” The *Jobs in Canada* report can be found at www.td.com/economics.

“Perceptions can take on a life of their own without hard underlying facts supporting them,” said Derek Burleton, a Deputy Chief Economist at TD Bank Group, and co-author of the report. “Still there is room for improvement in Canada’s labour market, and we were pleased with the federal government’s focus on skills and training development. Our view is a more concerted effort among all levels of government as well as employers, employees and educators will be needed to provide Canada with a world-leading workforce for the 21st century.”

To test for labour shortages and mismatch, TD economists compiled data on unemployment rates, wage rates and vacancy rates (a measure of unmet labour demand) for around 140 occupations. Results uncovered some surprises. For instance, occupations widely thought to be in shortage – such as trades, engineers and health care workers – have recorded considerably lower unemployment rates than average, but vacancy rates that are only moderately higher.

As one would expect, vacancy rates have risen more significantly in the Prairies, particularly in those occupations perceived to be in shortage. Additionally, employers in Alberta and Saskatchewan were also having difficulties filling workers in occupations where an ample labour supply is widely perceived. “However the story on the wage data remains curious, as wage gains out west, across the occupation spectrum, have not increased to the extent that one might have thought,” added Sonya Gulati, senior economist at TD Bank Group and co-author of the report.

Another perception is the post-secondary system is graduating too many Canadians in areas which are not in demand, thus leaving a large pool of underemployed people. OECD over-qualification and under-qualification rates for Canada relative to other countries provide some supporting evidence. Still, the job market outcomes of recent graduates, including those with liberal arts degrees, are likely better than many Canadians perceive.

Other labor market trends identified in the report include:

- A degree of labour market “polarization” – which refers to rapidly-growing demand for high- and low-skilled employment at the expense of a relative decline in medium-skilled jobs – has taken place in Canada, but not nearly to the same extent as that observed in the U.S.
- Older workers are punching well beyond their weight in terms of their contribution to net new employment. At the other end of the age spectrum, the challenges of youth in the job market have intensified since the onset of recession.
- Temporary jobs – especially contract positions – has been on a gradual rise and now make up one-in-seven positions. This upward trend has fuelled concerns surrounding the quality of jobs being created.

Mr. Burleton concludes that “Despite Canada’s solid track record in creating jobs, there are inherent vulnerabilities in the labour market and skills development more specifically that are holding back the economy’s potential. Bold and complementary action across governments, employers, employees and educators is needed to ensure that living standards continue to grow.”

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