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COVID-19 and the Differential Impacts on the Rural and Urban Economies

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COVID-19 and the Differential Impacts on The Rural and Urban Economies

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Abstract

COVID-19 has generated significant and different impacts on every Canadian. The objective of this report is to document the relative impact of COVID-19 on the economies of urban and rural Canada.

Overall, rural workers were impacted by COVID-19 (slightly) less than urban workers in the early months of the pandemic (from March 2020 to May 2021), but from June to December 2021 the COVID-19 impact on rural employment was (slightly) greater than in urban areas. In many sectors, the pattern of job loss was similar to the pattern of job loss for urban workers. However, rural<>urban differences in some sectors explain the different overall pattern pre-June 2021 and post-June 2021.

An alternative measure, namely a labour utilization rate, shows a COVID-19 employment gap about double the simple calculation of whether or not one has a job.

Historically, in rural areas, there has been a lower employment level among Indigenous workers than for non-Indigenous workers—and this gap was wider in most of the COVID-19 months.

Employment rates of rural females have rebounded faster than rural males in the COVID-19 months—suggesting an end of a rural SHE-cession (i.e., a female-intensive recession). However, a broader measure of employment, the labour utilization rate that includes a measure of the lost hours for individuals who were still employed, shows that the COVID-19 impact on rural female workers has been slightly greater than for rural male workers. With this measure, the rural SHE-cession appears to be continuing.

Within rural areas, the impact of COVID-19 was greater for workers in metro-adjacent communities and less for rural workers distant from urban centres.

Another indicator of a slightly lesser COVID-19 hit on rural employment is observed in the lower share of rural workers being covered by the Canada Emergency Wage Subsidy.

Keywords: COVID-19, rural, employment, SHE-cession, Indigenous

La COVID-19 et les impacts différentiels sur les économies rurales et urbaines

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Résumé

La COVID-19 a généré des impacts importants et différents sur chaque Canadien. L'objectif de ce rapport est de documenter l'impact relatif de la COVID-19 sur les économies des régions urbaines et rurales du Canada.

Dans l'ensemble, les travailleurs ruraux ont été (légèrement) moins touchés par la COVID-19 que les travailleurs urbains lors des premiers mois de la pandémie (de mars 2020 à mai 2021), mais de juin à décembre 2021, l'impact de la COVID-19 sur l'emploi rural a été (légèrement) supérieur à celui des zones urbaines. Dans de nombreux secteurs, le schéma de perte d'emploi a été similaire au schéma de perte d'emploi des travailleurs urbains. Cependant, les différences rurales <> urbaines dans certains secteurs expliquent la tendance générale différente avant juin 2021 et après juin 2021.

Une mesure alternative, à savoir un taux d'utilisation de la main-d'œuvre, montre un écart d'emploi COVID-19 d'environ le double du simple calcul de savoir si une personne a un emploi ou non.

Historiquement, dans les régions rurales, le niveau d'emploi des travailleurs autochtones a été inférieur à celui des travailleurs non autochtones, et cet écart a été plus important pendant la plupart des mois de la COVID-19.

Les taux d'emploi des femmes rurales ont rebondi plus rapidement que ceux des hommes ruraux au cours des mois de COVID-19, ce qui suggère la fin d'une récession à forte intensité féminine (appelée She-cession). Cependant, une mesure plus large de l'emploi, le taux d'utilisation de la main-d'œuvre qui comprend une mesure des heures perdues pour les personnes qui étaient encore employées, montre que l'impact de la COVID-19 sur les travailleuses rurales a été légèrement plus important que pour les travailleurs ruraux de sexe masculin. Avec cette mesure, la récession à forte intensité féminine (she-cession) semble se poursuivre.

Dans les zones rurales, l'impact de la COVID-19 était plus important pour les travailleurs des communautés métropolitaines adjacentes et moindre pour les travailleurs ruraux éloignés des centres urbains.

Un autre indicateur d'un impact légèrement moindre de la COVID-19 sur l'emploi rural est observé dans la proportion plus faible de travailleurs ruraux couverts par la Subvention salariale d'urgence du Canada.

Mots clés : COVID-19, rural, récession à forte intensité féminine (SHE-cession) , autochton

1.0 Introduction

Krugman (2021) argues that COVID-19 should not be considered an economic recession but rather should be considered a disaster:

The pandemic slump isn't a conventional recession, and the required policy response isn't conventional stimulus. What we're dealing with is more like a natural disaster than a normal recession, and the appropriate policy response is mainly a kind of disaster relief. (Krugman, 2021, p. 1)

Arguably, COVID-19 is a “disaster.” The policy response is to help the impacted individuals, enterprises, and communities. COVID-19 has had differential impacts across sectors due to government-imposed shutdowns in “non-essential” services, such as vacation travel, attendance at concerts and sporting events, etc. In many sectors, there have been differential impacts for the urban economy versus the rural economy. A baseline understanding of these differential impacts signals the size and location of needed post-COVID-19 adjustments to whatever will be the “new normal.”¹

A sector-by-sector stocktaking of the impact of COVID-19 continues as fodder in our daily news broadcasts. However, the rural $\langle \rangle$ urban differential economic impacts are not well documented.

The objective of this article is to dissect the impacts of COVID-19 into their rural and urban components.

This article starts with a few important observations on the context of rural employment and then proceeds to a sector-by-sector discussion of the differences in the estimated COVID-19 employment gap in rural and urban areas. This is followed by:

- a look at employment differences for rural females vs. rural males (i.e., is there a rural SHE-cession?);
- differences in employment of Indigenous vs. non-Indigenous individuals in rural areas;
- differences of unemployment trends by Metropolitan Influenced Zone (MIZ) within rural areas;
- the nature of obstacles faced by rural businesses; and
- the size of the payout of the Canada Emergency Wage Subsidy to rural businesses.

2.0 Rural Demography

Canada's demography is causing labour shortages. Twenty years ago, for every 100 potential retirees, there were 150 potential labour market entrants (Bollman, 2020). Today, in non-metro Canada, there are only 75 potential labour market entrants per 100 potential retirees (and 80 per 100 in metro Canada). The cover

¹ The final drafting of this report was submitted in early January 2022 when Canada was in the midst of the onset of the omicron variant of COVID-19.

chart in a report to the Federation of Canadian Municipalities (Bollman, 2014) argued that the mantra of rural development was no longer to “create jobs” but rather to “create people.” This is important contextual information for understanding one main obstacle faced by rural and small town businesses during COVID-19, as noted below.

2.1 Who is Rural?

Bollman and Reimer (2018, 2019) argue that rurality is composed of two dimensions: density (or population size) and distance to density. Various thresholds of population size have been used in this report—depending on the categories used in the published data. The schematic in Table 1 (see Appendix A) identifies the thresholds, and the footnote in Table 1 points to the documentation of each delineation.

Note that rural and small town (RST) refers to residents outside agglomerations of 10,000 and more. Non-metro includes RST plus agglomerations of 10,000 to 99,999. It turns out that the demographic and economic profiles of RST and non-metro are very similar because the demographic and economic profile of Census Agglomerations (CAs) is very similar to the RST situation². Thus, whether one is using “RST” or “non-metro” to profile “rural”, the results are very similar.

2.2 Indigenous Young Adults Represent an Increasing Share of Potential Rural Workforce Entrants

At present, Indigenous young adults represent 16% of the potential workforce entrants in non-metro Canada (Bollman & Looker, 2020, Slide 430). In non-metro Manitoba, 40% of the potential workforce entrants report an Indigenous identity. This is an important context for understanding the importance of the labour utilization rate of Indigenous Canadians in non-metro areas, as noted below.

2.3 Indigenous Young Adults are Less Likely to Graduate From High School

Looker and Bollman (2020) asked whether rural students were less likely to graduate from high school. The answer was “yes”. However, when they looked across the urban-to-rural spectrum, non-Indigenous youth had an equally high rate of attaining their high school diploma in both urban schools and in rural schools. In both urban and rural schools, Indigenous students were less likely to have attained a high school diploma. In addition, the share of students with an Indigenous identity is higher in schools that are more rural. Hence, the reason that the rural students are less likely to graduate from high school is due, in large part, to Indigenous students having a lower graduation rate from high school and rural schools having a higher share of Indigenous students. This situation has not changed in 20 years and exists in every province (Bollman & Looker, 2020, Slides 435–495). This is another important contextual piece for our understanding of the labour utilization rate of Indigenous individuals in non-metro areas, as noted below.

² This is one general conclusion from a review of the various **Rural and Small Town Canada Analysis Bulletins** published by Statistics Canada (<https://www150.statcan.gc.ca/n1/en/catalogue/21-006-X>).

2.4 Will Rural Areas Benefit From an Influx of Teleworkers?

Perhaps obvious, the sectors with less employment loss during COVID-19 were the sectors where the work can be performed remotely. The sectors with the largest employment declines were accommodation services, restaurant services, retail services, entertainment venues, sporting events, etc. The sectors for which some or most of the work can be performed remotely (such as public administration, insurance services, educational services) have a higher share of female employees and a higher share of employees with a higher level of education (Deng et al., 2020).

Will remote work or telework trigger a boom for rural communities? The answer is clearly “perhaps”!

Deng et al. (2020) calculated that about 39% of Canadian workers were employed in jobs that could plausibly be performed at home. This would be the “telework capacity of the economy.” Interestingly, the March 2020 Perspectives Survey found that 39% of workers were teleworking during the last full week of March (Statistics Canada, 2020a). As Deng et al. (2020) note, this “suggests that the Canadian labour market responded very quickly to the onset of the pandemic by increasing its prevalence of telework to the maximum capacity” (p. 1). They adopted the methodology of Dingel and Neiman (2020) to calculate the approximate share of jobs that could be performed remotely for each industry. They observed:

Telework capacity varies substantially across industries. Most jobs in finance and insurance (85%), educational services (85%), and professional, scientific and technical services (84%) can potentially be performed from home while those in accommodation and food services (6%) and agriculture, forestry, fishing and hunting (4%) have almost no telework capacity (Dingel & Neiman, 2020, p. 1).

Liu and McDonald-Guimond (2021) developed a composite index of digital intensity for each industry sector based on the intensity of ICT (information and communications technology) capital, the intensity of digital-related occupations, the use of intermediate ICT goods and services, and the rate of robot adoption. They noted that, across all sectors, the digital intensity increased almost continuously from 2000 to 2015. Sectors with a high digital intensity reported labour productivity growth that was three times higher from 2002 to 2019, compared to sectors with a low digital intensity (Liu, 2021). During the COVID-19 pandemic, high digital intensive sectors experienced a much smaller negative impact, compared to low digital intensive sectors.

In the 1st quarter of 2021, 18% of rural and small town (RST) businesses and 35% of LUC businesses reported that teleworking or working remotely is a possibility for at least some of their employees³ (Smailes et al., 2021a). The smaller share for RST businesses is due to factors such as:

³ Similarly, in the 3rd quarter of 2020, 24% of Ontario’s RST businesses reported that some telework was a possibility, compared to 36% for LUC businesses in Ontario (Rural Ontario Institute, 2021a, Table C.2a).

- the quality of internet access (which was twice as likely to be an obstacle for RST businesses, compared to all businesses (discussed below);
- a higher share of RST businesses being in sectors where teleworking is not possible; and
- in each sector, businesses located in LUC areas were more likely to report that some workers could work remotely because these businesses would be more likely to have head office functions (managers, accountants, sales agents, etc.).

This urban↔rural difference within each sector is shown in chart 2 in Smailes et al. (2021a).

At the beginning of 2021, Mehdi and Morissette (2021a) reported that 32% of employees 15–69 years of age worked most of their hours from home. When asked about their preference once the COVID-19 pandemic was over, only about 10% said they preferred to work all their hours at their place of work. About 15% of the 32% who telework would prefer to work all their hours at home, and thus, these workers may be candidates to live further from the former place of work (i.e., to live in a more rural area). This leaves 75% of the 32% who prefer to work some hours at home but not all their hours at home. Some of this group would represent potential migrants to a place further away from their place of work (e.g., a rural metro-adjacent location)—to the extent that a longer commute for fewer than five days a week is desirable (see also Mehdi & Morissette, 2021b).

In the 3rd quarter of 2020, among the 35% of businesses at the Canada-level that reported that teleworking or working remotely was a possibility for their employees, 28% of this 35% reported that it was likely or very likely that they would offer the possibility of working remotely post-pandemic (and 13% of the 35% indicated they were likely or very likely to require it) (Statistics Canada, 2020d).

Gallagher and Hossain (2020) estimated that the share of jobs that can be performed remotely ranges from 44% in Ontario to 32% in Newfoundland and Labrador (Gallagher & Hossain, 2020, Table 1). An equally wide range exists across Census Metropolitan Areas (CMAs): from 52% in Ottawa-Gatineau to 33% in Abbotsford-Mission. They calculated that 32% of non-metro (non-CMA) jobs could be performed remotely. They also show the range in the share of the jobs that can be performed remotely across industry sectors, from 62% in finance and insurance to 17% in agriculture (Gallagher & Hossain, Table A 6).

Russek et al. (2021) pondered future scenarios for Canada’s labour market. Perhaps obvious, “may” is the operative word for looking into the future. “There may be greater societal polarization between people who are able to work from home (with flexibility) and the people who are not” (Russek et al., p. 14); “Canada’s rural areas may experience unprecedented population growth in the coming years” (Russek et al., p. 15); “Canada’s workforce may no longer be concentrated around major urban areas as workers have flexibility to work remotely.” However, for those who are required to be present in the office for a few days every week, this workforce cannot be too far from their urban office. If the job can be done remotely without a requirement to be in the office, “There may be a shift to global workforces . . .” (Russek et al., p. 14). In other words, rural areas not adjacent to metro centres may lose to off-shore workers. Thus, it would only be the rural metro-adjacent communities that “may experience unprecedented population growth.”

For jobs that could be performed remotely, an OECD (2021) report noted that most firms would want their employees to be at their worksite for at least a few days every week. And this is also the preferences of the employees. One implication is that some workers would move further from the urban core and be prepared for a longer commute for a few days in order to gain the benefit of living in a less-dense environment. From the point of view of the firm, the workforce in the post-COVID-19 era would be drawn from a larger geographic area. Jobs for which the firm did not need the employee to be at the office for any days during the week could be filled by employees living anywhere in the world.

When Nova Scotians were asked, “Thinking about your own job, how satisfied are you with having a good commute?” there was a wide spread between rural and urban residents in terms of reporting being somewhat or very satisfied (urban 87%, suburban 72%, and rural 75%) (Foster et al., 2020, p. 6). The 12 percentage point spread between urban and rural residents indicates the relative size of the perceived (economic/social/psychological) cost of the daily commute by rural residents.

Monthly estimates of the RST population 15 years of age and over do not show any upward movement in any province during 2020 or 2021 (Bollman, 2022, line 8, slide 46 and slides 90 to 99). Interestingly, housing starts in RST areas in the period from January to November 2021 are about twice the level reported for previous years ([Statistics Canada, Table 34-10-0161-01](#)).

2.5 COVID-19 is not the Great Equalizer

As noted by Deacon (2021), COVID-19 is not the great equalizer.

The March 2020 Canadian Perspectives Survey showed that 29% of respondents indicated that COVID-19 was having a moderate or major impact on their ability to meet financial obligations or essential needs (Statistics Canada, 2020b). A calculation based on the 2016 Survey of Financial Security indicated that 26% of Canadians would be financially vulnerable to the economic lockdown. Financial vulnerability is more likely for individuals under 35 years of age, single mothers, and recent immigrants, among others (Messacar & Morissette, 2020). As a consequence, the income inequality in society is exacerbated. Lower-income families (in the lowest decile of earnings) were only half as likely, compared to families in the top decile of family earnings, to have the husband or wife working in a job that can be done from home. Up to the 6th decile of family earnings (i.e., within lower-income families), wives are twice as likely as husbands to be working in a job that can be done from home (Messacar et al., 2020).

According to Tal (2021), “All the jobs lost in 2020 were among workers that earned below average wages, with the lowest wage quartile seeing the largest decline. . . . higher income Canadians have experienced net job gains during the current crisis – an anomaly during a recession” (p. 3).

Generalizations about rural (and urban) Canada in the midst of COVID-19 miss the wide variations in lived experiences by different groups in different communities (Breen, 2021). Such generalizations lead to the situation where “one-size-fits-all policies” are created that do not account for the realities of rural communities⁴.

⁴ See also Agyepong et al. (2020).

As has been widely reported in the media, some service sectors experienced a dramatic decline in the total hours worked in their sector (Grekou, 2021). The arts, entertainment, and recreation sector and the accommodation and food services sector each reported in April 2020 about a 65% difference in hours worked, compared to a historical baseline. In June 2020, these sectors were still about 55% below their historical baseline.

Using real gross domestic product (GDP) as a measure of the COVID-19 impact on sectors, the GDP in the arts, entertainment, and cultural services sector had remained below 53% of pre-COVID levels for each month up to December 2020 (Clarke & Gellatly, 2021).

As Morissette et al. pointed out:

The labour market downturn of 2020 predominantly affected low-wage employees. Labour Force Survey data show that from the March-to-September 2019 period to the March-to-September 2020 period, employees in the bottom 10% of the 2019 hourly wage distribution—i.e., who earned at most \$14.00 per hour in 2019 dollars—collectively saw their total actual work hours drop by 45.5%. During the same period, their counterparts in the top 10% of the 2019 hourly wage distribution—who earned at least \$46.94 per hour in 2019 dollars—experienced a 14.2% increase in aggregate actual work hours. (Morissette et al, 2021, p. 5)

Morissette et al. also mentioned that:

In line with these employment patterns, workers with relatively low annual earnings were the most likely to receive CERB (Canada Emergency Response Benefit) payments in 2020. Among all workers who earned at least \$5,000 in 2019 and who were in the bottom 10% of the employment income distribution, more than half (55.3%) received CERB payments in 2020. In contrast, about 1 in 10 workers (11.3%) in the top 10% of the 2019 employment income distribution received CERB payments in 2020 (Morissette et al., 2021, p. 5).

Among First Nations workers who earned at least \$5,000 in 2019, 41.5% received CERB payments in 2020. The corresponding proportions among Métis and Inuit workers were 36.2% and 40.3%, respectively. In comparison, 33.9% of non-Indigenous workers who earned at least \$5,000 in 2019 received CERB payments in 2020.

According to Morissette et al.,

Low-wage workers across Canada were disproportionately impacted by declines in employment and hours worked during the pandemic. The higher

proportions receiving CERB payments among Indigenous workers reflect, in part, their overrepresentation in jobs that provide relatively low annual earnings. In 2015, median employment income was lowest among Inuit workers, at \$20,984, followed by First Nations workers, at \$23,345, and Métis workers, at \$31,423. It was \$34,013 among non-Indigenous workers.” (Morissette et al., 2021, p. 10)

To repeat, as noted by Deacon (2021), COVID-19 is not the great equalizer.

3.0 COVID-19 Impact on Rural Employment

3.1 The Structure of Rural Employment by Industry Sector

The impact of COVID-19 on rural and small town employment would be expected to be due, at least in part, to the difference in the **employment structure by industry sector**⁵ in RST areas and in larger urban centres.

Not surprisingly, RST employment is 1.6 times more intensive⁶ in goods-producing sectors, compared to the Canadian economy as a whole (see Table 2, Appendix A, col. G). Each of the goods-producing sectors is relatively more intensive in RST areas than in Canada as a whole—ranging from a relative intensity of 4.5 for agriculture to 1.3 in each of construction and mining.

As an aside, agricultural employment may represent a relatively higher share of employment in RST areas (see Table 2, Appendix A, col. E) but agriculture is not *the* major sector in RST areas. Employment in agriculture in RST areas ranks 5th behind:

1. 14% of RST employment is in retail and wholesale trade (see Table 2, col. E, Appendix A)
2. 13% of RST employment is in health care and social assistance
3. 11% of RST employment is in manufacturing
4. 10% of RST employment is in construction
5. 7% of RST employment is in agriculture

Continuing with this aside, there is considerable agriculture employment within LUCs. In fact, 37% of employment in agriculture in Canada occurs within LUCs, and this represents 1% of total LUC employment.

Among services-producing sectors, RST employment is only 0.8 times as intensive as Canada as a whole (see Table 2, Appendix A, col. G). Thus, the COVID-19 impact on the goods sector will have a larger impact on RST employment, and the COVID-19 impact on the services sector will have a relatively smaller impact on

⁵ For examples of the types of businesses classified to each industry sector, see Statistics Canada (2017).

⁶ A relative intensity is indicated by a location quotient which is the share of employment in a given sector in *RST areas* divided by the share of employment in the given sector for Canada as a whole.

RST employment. Sectors with a small relative intensity in RST have a relative intensity (or location quotient) of:

- 0.5 in finance, insurance, real estate and leasing (see Table 2, Appendix A, col. G);
- 0.5 in professional, scientific and technical services;
- 0.7 in information, culture and recreation;
- 0.8 in public administration; and in one hard-hit sector, we see
- 0.9 in accommodation and food services.

Only one service-producing sector is more intensive within RST areas, compared to Canada as a whole—the “other (personal) services” sector (1.1 times as intensive as Canada as a whole).

3.2 How to Estimate the Impact of COVID-19 on Rural Employment?

Different rates of population change in rural and urban areas are influencing the observed rate of employment change since some of the observed changes in employment levels would be due to a change in the level of population. To estimate the impact of COVID-19⁷ on rural and urban employment, an “adjusted” rate of employment change has been calculated that would have occurred “IF” there had been no change in population⁸. This calculation is based on a percent change of employment rates⁹ which removes the impact of population change on the level of employment. For some provinces¹⁰ and for some industry sectors, this approach will change the estimated impact of COVID-19 on rural employment compared to the impact on urban employment.

The baseline for the monthly comparisons is the average for the same month in 2017/2018/2019. This choice is an approximate standardization for seasonality as the comparison is to the average for the same month in the baseline period.

The calculation is documented in Bollman (2022), slides 46 to 62 for each sector, and slides 90 to 98 for each province.

⁷ A monthly account of economic events and a monthly account of the timing of COVID-19 policy measures in each province and territory are documented in Statistics Canada’s **Canadian Economic News** (monthly).

⁸ There are considerably different rates of population growth across provinces which should be taken into account when reviewing employment trends across provinces. Similarly, within provinces, there are considerable differences in rates of population growth across regions within provinces. In the case of a growing population, an observed percent decline in employment would underestimate the impact of COVID-19. By calculating a change in employment rates, we can see the impact of COVID-19, independent of a change in population.

⁹ The employment rate for a given sector is calculated as the number employed in a given sector divided by the total population, 15 years of age and over.

¹⁰ For a discussion of the impact of COVID-19 in rural Ontario, see various issues of Focus on Rural Ontario, published by the Rural Ontario Institute (<https://www.ruralontarioinstitute.ca/knowledge-centre/focus-on-rural-ontario>).

3.3 Data Source

Most of the monthly data included in this report are from Statistics Canada’s Labour Force Survey (2009f). This monthly survey aims to enumerate the employment and related data for all individuals, 15 years of age and over, in about 56,000 households every month (Statistics Canada, 2020d, Table 4.1, p. 20). As with all sample surveys, analysts must be aware of both non-sampling error (e.g., misinterpretation of questions, etc.) and sampling error (e.g., missing certain segments of the population, etc.). In order to generate employment estimates for each province, smaller provinces have a larger sample size. Readers may refer to the approximate coefficients of variation shown in Table 7.1 of Statistics Canada (2020d). This report focuses on the patterns of differences over time as differences in any given month may simply be due to statistical variability.

As an aside, the width of the lines in the line graphs is intentional—if a difference cannot be seen between the lines, there is likely no difference.

There is a footnote in each Table and chart in this report that shows the source of the data. The methodology for each survey is documented in Statistics Canada’s description of surveys and statistical programs at <https://www23.statcan.gc.ca/imdb-bmdi/pub/indexth-eng.htm>.

4.0 Estimated Impact of COVID-19 on Rural Employment

Given the well-reported impact of COVID-19¹¹ on certain services sectors (such as the accommodation and food services sector, the retail trade sector, and the sector of arts, culture, information, and recreation), one would expect LUCs to be hit harder by COVID-19 because their employment structure is more intensive in these sectors.

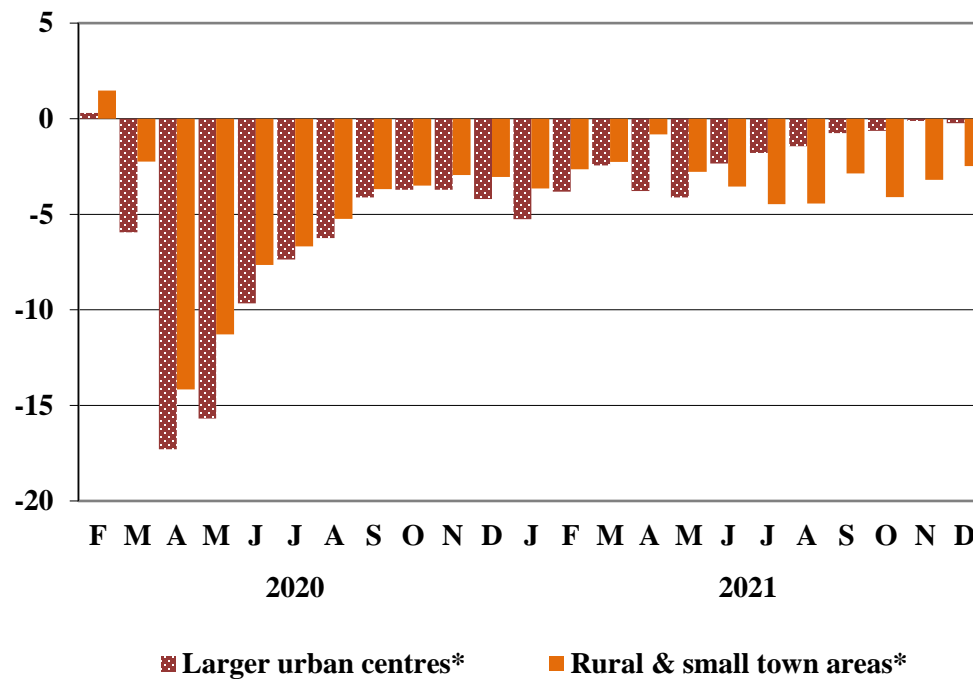
First, the estimated impact of COVID-19 on employment¹² shows a negative job gap for each month from March 2020 to December 2021 for both RST areas and for LUCs (as indicated by the negative bars in Figure 1, slide 46, Bollman, 2022). In the average month up to December 2021, the RST job loss is estimated to be -4.4% (see Table 3, Appendix A).

Note the large gap of about 15% in April 2020 (see Figure 1). This gap of 15% is replicated by the decline in the number of active businesses in non-metro Ontario from January to April 2020 (Rural Ontario Institute, 2020 and 2021b).

¹¹ During the COVID-19 period, Statistics Canada has published a series of reports under the umbrella of **StatCan COVID-19: Data to Insights for a Better Canada** (Catalogue no. 45-28-0001), which are available at <https://www150.statcan.gc.ca/n1/en/catalogue/45280001#wb-auto-2>. In addition, many COVID-19 related reports have been published in the series of **Economic and Social Reports** (Catalogue no. 36-28-0001) which are available at <https://www150.statcan.gc.ca/n1/en/catalogue/36280001#wb-auto-2>. For example, see Arora (2021a, 2021b), Bernard et al. (2021), Clarke & Gellatly (2021), Gellatly (2020), Gellatly & McCormack (2021), Grekou (2021), “Impacts of COVID-19” (2021), McCormack (2021), and Soodi (2021).

¹² Employment data is from Statistics Canada’s monthly Labour Force Survey which is usually enumerated in the week containing the 15th day of the month. The monthly reports of the LFS results are published as part of the Statistics Canada publication called THE DAILY. The easiest way to find the (lengthy and comprehensive) report (which, importantly, documents the exact enumeration period of each monthly survey) is to use Google to search for “The Daily – Labour Force Survey, December, 2021” (and similarly, for the report for any other month).

Figure 1. Percent difference** in number employed (adjusted** for population change) compared to average for the same month in 2017/2018/2019, 15+ years of age, all industry sectors, Canada.



* **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA.

* **Rural & small town** (RST) individuals reside outside a CMA or CA.

** The estimated change is calculated as the impact on employment IF there were no change in the level of population (15+ years of age). Thus, the estimated change is due to the change in the employment rate (i.e., the change in the percent of the population that is employed) which captures the impact of COVID-19 by excluding the impact of population change which is reflected in the LFS published data on the number employed. The percent difference compared to the average for the same month in 2017 / 2018 / 2019 is calculated as the difference of logarithms times 100.

Source: Statistics Canada. Labour Force Survey, Tables 14-10-0374-01 and 14-10-0376-01.

Second, Figure 1 confirms our expectation that COVID-19 would generate a lesser impact on RST employment, compared to the impact on LUC employment. However, this situation was observed only for the period from March 2020 to May 2021 (i.e., the negative RST bars in Figure 1 are shorter than the LUC bars). However, from June to December 2021, the estimated relative impact of COVID-19 on RST employment became larger than in LUCs.

Notably, the LUC \diamond RST differential is (very) small in most months. Willcox (2021) showed the trend in the number employed during the COVID-19 months compared to the number employed in February 2020 for metro (CMA) areas, smaller cities (CAs), and RST areas without an adjustment for population change and without an adjustment for seasonality. Our calculation does adjust for the impact of population

change and does compare each month to the average of the same month in 2017/2018/2019. His calculation showed that up to August, the largest gap in employment, compared to February 2020, was in metro (CMA) areas, followed by CAs, and the smallest gap was in RST areas. From November 2020 to April 2021, his calculation shows that the gap was essentially the same for metro and for RST areas (with smaller cities having a smaller gap, compared to February 2020).

In the USA, unemployment rates are typically higher in non-metro areas than in metro areas, but during COVID-19, the peak in the non-metro unemployment rate was slightly less than in metro areas, and the non-metro unemployment has fallen faster than in metro up to February 2021 (USDA, 2021; Cho et al., 2021). Consistent with the Canadian results, the COVID-19 impact on rural employment in the USA was (slightly) less than the impact on urban employment in 2020.

Figure 1 shows the percent jobs gap of COVID-19. In addition to the percent job loss, one should also consider the absolute number of jobs lost due to COVID-19. In the average month from March 2020 to Dec 2021, employment was below the historical pattern by -111 thousand workers (see Table 4, Appendix A; Bollman, 2022, slide 28). In the month of April 2020, the estimated COVID-19 gap in RST was -329 thousand workers below the historical pattern. Throughout the entire period from March 2020 to December 2021, RST employment was continuously below the historical pattern (i.e., compared to the average for the same month in 2017, 2018, and 2019).

Moving to an assessment of the **impact of COVID-19 on a sector-by-sector basis**, let us start with the sectors in RST areas that have experienced the largest percent employment declines.

In RST areas over the period from March 2020 to December 2021, the **accommodation and food services** reported the largest average monthly percent employment gap (-22.4%) (see last column of Table 3, Appendix A). In the month with the largest COVID-19 gap in employment—April 2020—RST employment in this sector was 50% below the historical pattern, and the gap was 74% in LUCs (see Bollman, 2022, slides 22 and 60)¹³. Importantly, and consistent with the overall LUC<>RST comparison, the COVID-19 job gap in this sector has been relatively less in RST areas, compared to LUCs, in each month in the March 2020 to December 2021 period¹⁴ (except in June 2021) (Bollman, 2022, slide 22; Table 4, Appendix A, col. 2).

In terms of the absolute job loss, this sector had the second largest absolute job loss in RST areas amounting to a loss of -29 thousand jobs in the average month from March 2020 to December 2021 (see Table 5, Appendix A; Bollman, 2022, slide 42; Table 4, Appendix A, col. 3). Early in the pandemic, RST job losses were more than -55 thousand (in April and May 2020). The number employed in this sector has been continuously below the historical pattern for each month of the pandemic up to December 2021 (see Table 4, Appendix A, slide 42; Bollman, 2022).

¹³ Adjusted for population change, as documented above.

¹⁴ A significant share of demand for accommodation and food services comes from tourism. The Statistics Canada “tourism activity tracker” shows that domestic tourism was down 50% in most months from March 2020 to the summer of 2021 and up to October 2021, remained about 40% below the level before COVID-19. The low point was a decline of 70% in April and May 2020 (Statistics Canada, 2021a). International tourism has been much lower.

The RST sector with the 2nd highest average percent job gap was the **information, culture, and recreation** sector, with a job gap of -20.9% in the average month from May 2020 to December 2021 (see Table 3, Appendix A). In May 2020, the COVID-19 gap was an estimated 49% job gap in this sector. When compared to LUCs, the percent job gap has been larger in RST areas in 16 of the 22 months from March 2020 to December 2021 in this sector (Bollman, 2022, slides 21 and 59; see Table 4, Appendix A, col. 2).

The number employed has been below the RST historical pattern for 21 of the 22 months from March 2020 to December 2021 (see Table 5, Appendix A; Bollman, 2022, slide 41).

The **forestry, fishing, mining, oil, and gas** sector reported the 3rd largest RST average percent job gap (-12.5%) (see Table 3, Appendix A). This percent job gap was larger in RST areas, compared to LUCs, in all months except April, May, and June 2021 (see Bollman, 2022, slides 10 and 48).

The absolute job gap was below the historical pattern in all months except April and May 2021 (see Table 4, Appendix A; Bollman, 2022, slide 30). Early in the pandemic, in April 2020, RST employment in this sector was fully 30% below the historical pattern.

It is acknowledged that changes in the price of oil have been a major factor that impacts employment in this sector. Before COVID-19, employment in this sector was declining continuously during most of 2019 (see Bollman, 2022), slides 120 and 149). Nevertheless, COVID-19 was also a factor that influenced the price of oil and hence the level of employment.

The sector with the 4th largest RST percent job gap was the sector of business, building, and other support services (-12.5%) (see Table 3, Appendix A). The RST job gap was greater than in LUC in the fall of 2020 (September to November) and in the second half of 2021 (June to December) (see Bollman, 2022, slides 18 and 56).

The absolute number employed was below the historical pattern for 13 months from March 2020 to March 2021 and then again for the last half of 2021 (June to December) (see Table 4, Appendix A; Bollman, 2022, slide 38).

The 5th largest RST percent job gap was in the **other (personal) services sector**, with a job gap of -10.7% in the average month of the pandemic up to December 2021 (see Table 4, Appendix A; Bollman, 2022, slides 23 and 61). Note the large(r) percent gaps in the summer months of 2021: July (-34.6%), August (-29.4%), and September (-28.1%).

The absolute job loss in this sector averaged -12 thousand workers per month up to December 2021 (see Table 4, Appendix A; Bollman, 2022, slide 43), with job losses of -30 thousand or more in July, August, and September 2021.

The **retail and wholesale trade** sector has also shown a consistently high RST percent job gap that averaged -8.3% during the pandemic up to December 2021 with a 24.9% job gap reported in April 2020 (see Table 3, Appendix A). In most months, the RST percent job gap has been greater than in LUCs (the exceptions being May/September/October/November 2020) (see Table 4, Appendix A; Bollman, 2022, slides 16 and 54).

However, in terms of the number of jobs, the job gap in this sector was the highest among all sectors, with a -29 thousand job gap in the average month from March 2020

to December 2021 (see Table 5, Appendix A). The job gaps were particularly large(r) in the early months of the pandemic—ranging between -79 thousand in April 2020 and -21 thousand in August 2020 (see Table 5, Appendix A; Bollman, 2022, slide 34).

The **construction** sector reported an average percent job gap of -2.8% up to December 2021 (see Table 3, Appendix A). The impact of COVID-19 on construction employment was greater in RST areas, relative to LUCs, during the summer months of 2020 and 2021 (i.e., July, August, and September each year) (see Table 4, Appendix A; Bollman, 2022, slides 12 and 50).

The gap in the number employed averaged -7 thousand workers per month up to December 2021 (see Table 5, Appendix A; Bollman, 2022, slide 32). The job losses were over 25 thousand from April to August 2020.

Regarding **manufacturing** employment in RST areas, the estimated monthly-average percent job gap was essentially zero (-0.2%) up to December 2021 (see Table 3, Appendix A). Compared to LUCs, the only months with a larger RST job loss were August and September 2020 (see Table 4, Appendix A; Bollman, 2022, slides 13 and 51).

Somewhat similarly, **manufacturing** employment in RST areas was 14% below the historical pattern in April 2020, but the gap has been less than in LUCs (except in August/September 2020) (see Table 2, Appendix A). Since November 2020, RST manufacturing employment has been above historical levels (Bollman, 2022, slides 13 and 51).

The **educational services** sector reported an RST employment gap in the March to July 2020 period, but since then, employment has been above the historical pattern (see Table 3, Appendix A). The RST gap was larger than in LUCs in April/May/June 2020 (see Bollman, 2022), slides 19 and 57). From September 2020 to December 2021, employment in this sector was above the historical pattern in both LUCs and RST areas.

To summarize, the sectors in the 2nd column of Table 6 (see Appendix A) show the sectors that contributed to a smaller RST job gap, compared to LUCs, in the period from March 2020 to May 2021. Then, the sectors that contributed to a larger RST job gap, compared to LUCs, from June to December 2021 are shown in the 3rd column of Table 6.

4.1 COVID-19 Impact on Rural Employment by Province

The COVID-19 impact on RST employment differed by province. During the 22 months from March 2020 to December 2021, Alberta's RST areas had the highest average COVID-19 percent job gap (7.9%) with a job gap of 12% in April, May, and June 2020 (see Table 7, Appendix A; Bollman, 2022, slide 74). Other provinces with a higher incidence of an RST job gap were Nova Scotia (-5.1%) (ranking second over 22 months) (see Table 7, Appendix A; Bollman, 2022, slide 68) and Manitoba (also at -5.1%) and ranking third in the COVID-19 months up to December 2021 (see Table 7, Appendix A; Bollman, 2022, slide 72).

Again, the size of the absolute job gap, this time across the provinces, will depend upon the percent job gap and the size of RST employment in a given province. In the 12 months from March 2020 to December 2021, the RST areas of Quebec had the largest absolute job gap (-30 thousand workers) and ranked as the province with the highest absolute job in 10 of 22 months up to December 2021 (see Table 8,

Appendix A; Bollman, 2022, slide 83). The RST areas of Alberta reported the second largest employment gap (-26 thousand workers) and ranked as the highest province in 9 of 22 months (see Table 8, Appendix A; Bollman, 2022, slide 87). Ontario ranked third with a job loss of -20 thousand workers in the average month (see Table 8, Appendix A; Bollman, 2022, slide 84).

To summarize to this point, sectors deemed “non-essential” and for which remote work was not possible were the sectors with the largest COVID-19 impacts on rural employment—both in terms of the percent job loss and in terms of the absolute gap in the number of workers. These impacts were large, but in many cases, the impacts were larger in LUCs. When compared to the impact in LUCs, RST employment overall experienced a slightly smaller employment gap due to COVID-19 in the first months of the pandemic (from March 2020 to May 2021), but from June to December 2021, the COVID-19 impact on RST employment was (somewhat) higher than in LUCs.

4.2 An Alternative Measure of the Relative Employment Gap: Differences in the Utilization of the Potential Labour Force to April 2021

The discussion above has focused on employment—specifically “yes<>no, do you have a job?” We now move to a wider assessment of lost employment that incorporates those with a job who worked no hours or few hours in the previous week and incorporates those who wanted to work but were not counted as unemployed (because they did not search for a job in the week prior to the enumeration of the survey).

First, the **potential labour force** is a measure developed specifically to measure the impact of COVID-19. The potential labour force includes all individuals in the labour force (i.e., all employed and unemployed people) plus individuals not in the labour force who wanted a job but didn't search for reasons such as waiting for recall (to a former job), those who were waiting for replies from employers, those who believed no work is available (in the area or suited to skills), persons with a long-term future start, and “other” reasons.

Then, **labour underutilization** is defined to include all individuals who were unemployed plus those who were not in the labour force but wanted a job and did not look for one as well as those who remained employed but lost all or the majority of their usual work hours for reasons likely related to COVID-19.

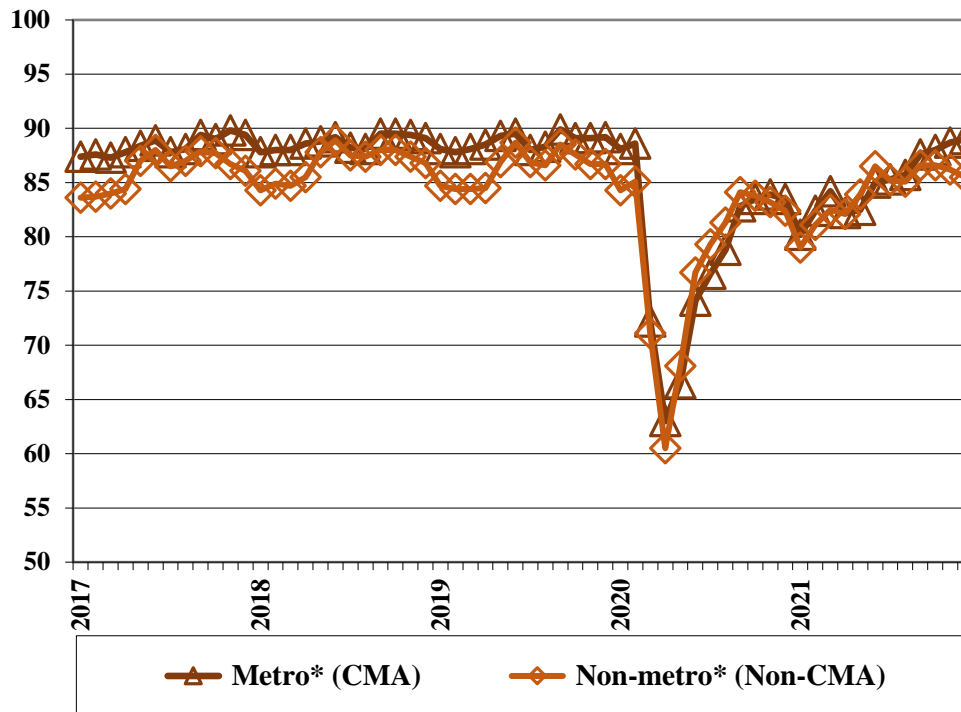
Thus, we obtain an estimate of the **utilized labour force** as the difference between the potential labour force and the underutilized labour force.

A **utilized labour force rate** is calculated as the utilized labour force as a percent of the potential labour force.

The overall labour utilization rate in metro areas in pre-COVID months ranged between 86% and 89% from 2007 to 2019, depending upon the month and the year (see Figure 2), which shows only the data starting in 2017¹⁵). The metro rate fell to 63% in April and returned to 84% in October/November/December 2020.

¹⁵ Data for the complete period from January 2007 to December, 2021 are available from the author upon request.

Figure 2. Labour utilization rate (percent), all industry sectors, both sexes, 15+ years of age, Canada.



Notes: The labour utilization rate is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada. (2021) Labour Force Survey, April 2021 (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>).

*Metro refers to Census Metropolitan Areas (CMAs) with a total population of 100,000+ (with 50,000+ in the urban core) and includes neighbouring towns and municipalities where 50% or more of employed residents commute to the CMA. Non-metro refers to individuals who reside outside a CMA.

Source: Statistics Canada. Labour Force Survey, Custom tabulation.

In non-metro areas in the pre-COVID months, the labour utilization rate ranged between 81% and 88%, again depending upon the month and the year. The non-metro rate fell to 60% in April 2020 and returned to 84% in September and October 2020. Thus, the pre-COVID non-metro rate was lower than the metro rate by 0.1 to 4.4 percentage points from 2007 to 2019, depending on the month and the year. However, during the COVID-19 months from May to October 2020, the non-metro labour utilization rate was actually higher than the metro rate. Thus, non-metro employment experienced a smaller COVID-19 impact than metro employment during the months from May to October 2020.

Following the procedure shown in Figure 1, we calculate, for each month, the percent gap in the labour utilization rate compared to the average for the same month in 2017/2018/2019. This wider assessment of the impact of COVID-19, as provided by the labour utilization rate, replicates the result of Figure 1, which simply focused on whether or not one had a job. We see that the gap in the labour utilization rate in each month, compared to the same month in the baseline period, is less in non-metro than in metro (i.e., the negative bar for non-metro is shorter in Figure 3. This is consistent with the result in Figure 1, which showed the COVID-

19 impact on rural employment was less than on urban employment. The one exception is in April 2020 (see Figure 3), when the calculated labour utilization gap in both metro and non-metro was 34%. This calculated percent gap in labour utilization for April 2020 is double the percent gap for employment rates (shown in Figure 1) because, for example, employed persons who lost all their hours due to a COVID-19 shutdown are classified here as “underutilized” but are shown as “employed” in Figure 1. In fact, in each month, the percent gap in the labour utilization rate (see Figure 3) is about double the percent gap on the number employed (see Figure 1).

Thus, the labour utilization rate, which is a broader measure of employment, provides the same pattern of the impact of COVID-19 on rural employment, compared to urban employment, from March 2020 to April 2021. Importantly, the calculated labour utilization rate suggests the COVID-19 impact on employment has been about twice as large as the estimated gap that simply looked at the number with a job.

4.3 Utilization of the Indigenous Workforce

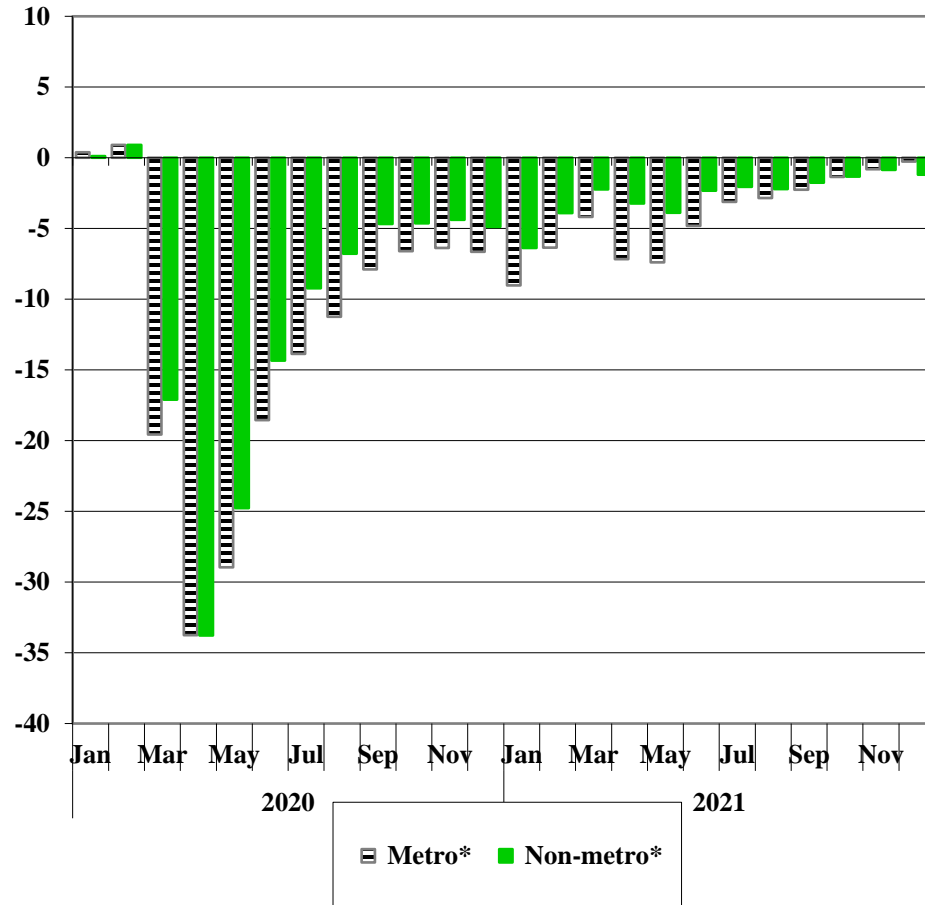
As noted above, non-metro areas (most notably in the more remote regions) have a higher share of the population with an Indigenous identity, compared to metro areas (particularly for the younger population). Also noted above, the high school completion rates have been lower for Indigenous youth in each type of geographic area for at least 20 years.

These observations provide an important context for the finding that there is a lower utilization of the Indigenous workforce, compared to the non-Indigenous workforce in non-metro areas since at least 2007 (Figure 4 shows the data since 2017). This gap has been about 6 to 8 percentage points in the summer seasonal peak months and 10 to 12 percentage points in the winter off-season months from 2007 to 2021. This gap in Indigenous labour utilization has remained relatively large, with very little change over the past 14 years¹⁶. This ongoing gap may be due to numerous factors, such as the remoteness of many Indigenous communities, which constrains the ability of residents to commute to larger centres, the lower level of educational attainment (but, of course, this may match the skill requirements for the locally available jobs) plus numerous other possible reasons. Systemic racism must also be recognized as a possible contributor to the persistently wide labour utilization gap from 2007 to 2021.

Within non-metro areas and when compared to the average for the same month in 2017/2018/2019, the COVID-19 impact on Indigenous labour utilization was larger in most months, compared to the impact on non-Indigenous workers (i.e., the negative bars in Figure 5 were longer for Indigenous persons in most months). Thus, the potential labour force of Indigenous workers starts with a lower labour utilization rate (see Figure 4), and the percent impact of COVID-19 on their employment situation (see Figure 5) was (generally) larger than for non-Indigenous workers in non-metro areas.

¹⁶ Data for the entire period since 2007, including metro and non-metro data by age and sex for Indigenous and non-Indigenous people, are available from the author upon request.

Figure 3. Percent difference in labour utilization rate¹ compared to the average for same month in 2017 / 2018 / 2019, All sectors, both sexes, 15+ years of age Canada.



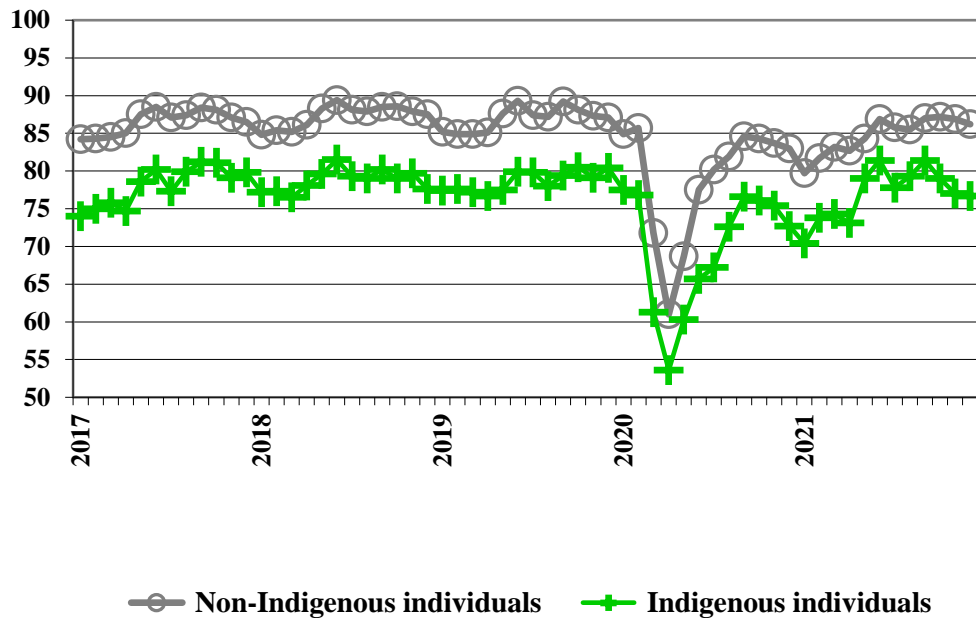
1. The **labour utilization rate** is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada, 2021, **Labour Force Survey, April 2021**. (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>). (Here, the percent difference is calculated as the difference of logarithms times 100)

2. Except in Apr 2020 when the % difference, compared to the average for the same month in 2017/2018/2019, was the same in metro & non-metro.

***Metro** refers to Census Metropolitan Areas (CMAs) with a total population of 100,000+ (with 50,000+ in the urban core) and includes neighbouring towns and municipalities where 50% or more of employed residents commute to the CMA. **Non-metro** refers to individuals who reside outside a CMA.

Source: Statistics Canada. Labour Force Survey. Custom tabulation.

Figure 4. Labour utilization rate (percent), all industry sectors, both sexes, 15+ years of age, non-metro* areas, Canada.



Notes: The labour utilization rate is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada. (2021) Labour Force Survey, April 2021 (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>).

*Metro refers to Census Metropolitan Areas (CMAs) with a total population of 100,000+ (with 50,000+ in the urban core) and includes neighbouring towns and municipalities where 50% or more of employed residents commute to the CMA. Non-metro refers to individuals who reside outside a CMA.

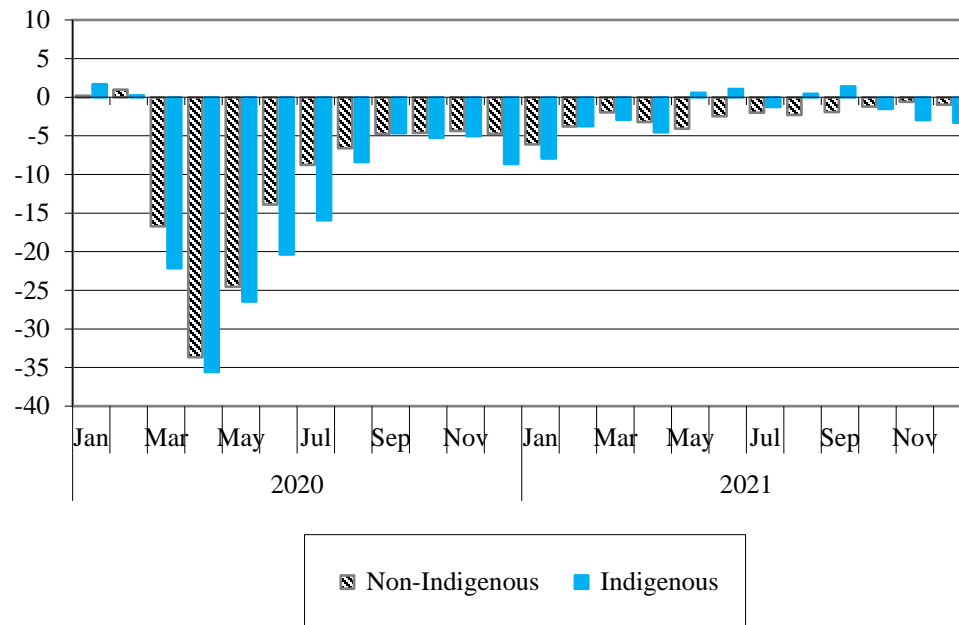
Source: Statistics Canada. Labour Force Survey, Custom tabulation.

4.4 The SHE-cession—Did it end in March 2021?

Within RST areas, the COVID-19 impact on employment rates was greater for RST females than for RST males up to February 2021 (except in August 2020) (i.e., there are longer bars for females than for males in Figure 6), but the pattern has reversed in the period from March to December 2021 (see Figure 6). Thus, in more recent months, the impact on employment rates became less for RST females, compared to RST males. The employment rate for RST women was above the historical pattern from March to June 2021. Certainly, COVID-19 has reduced the employment of women in some age groups, in some occupations, and in some ethnic groups. However, on average, a higher share of RST women was employed in the spring of 2021, compared to the historical pattern, suggesting that the SHE-cession had receded in RST areas¹⁷.

¹⁷ The RST pattern is similar to the pattern for Canada as a whole (see Bollman, 2022, slide 101). However, at the Canada level for all women 15+ years of age, their employment rate has been (very slightly) above the historic pattern for each month from April to December 2021. Bollman, 2022, slides 101 to 116 present more details for males and for females by age group in RST areas and in LUCs.

Figure 5. Percent difference in labour utilization rate compared to the average for same month in 2017 / 2018 / 2019, all industry sectors, both sexes, 15+ years of age, non-metro* areas, Canada.



Notes: The labour utilization rate is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada. (2021) Labour Force Survey, April 2021 (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>). (Here, the percent difference is calculated as the difference of logarithms times 100.)

*Metro refers to Census Metropolitan Areas (CMAs) with a total population of 100,000+ (with 50,000+ in the urban core) and includes neighbouring towns and municipalities where 50% or more of employed residents commute to the CMA. Non-metro refers to individuals who reside outside a CMA.

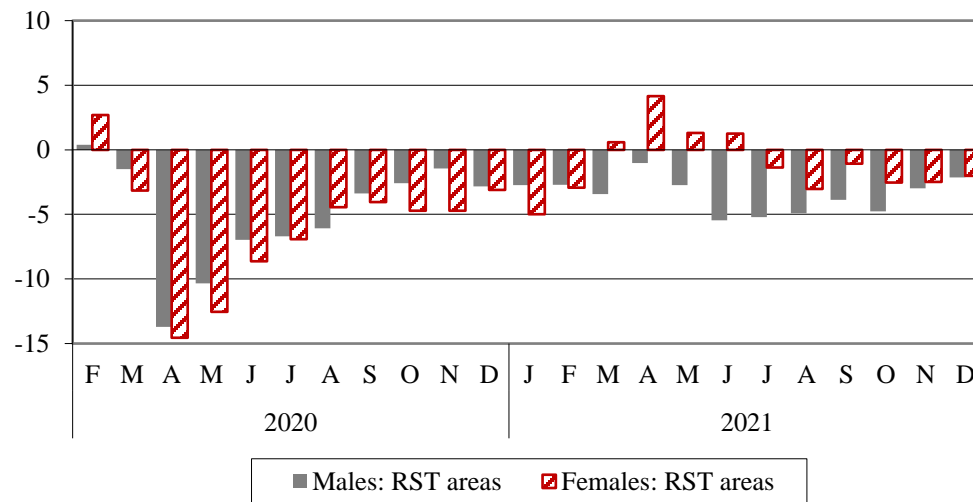
Source: Statistics Canada. Labour Force Survey, Custom tabulation.

Interestingly, the estimated percent job gap due to COVID-19 was ‘small’ for both RST females and RST males in the core working-age group (25–54 years of age) during the period from August 2020 to December 2021 (see Bollman, 2022, slide 108).

Moving to the broader measure of employment (the labour utilization rate), there is:

- a higher labour utilization rate for non-metro women compared to non-metro men in the winter months due to less seasonal unemployment for non-metro men at least since 2007 (data since January 2017 are shown in Figure 7); and
- females have a lower labour utilization rate in July and August in each year, in part due to contract teachers not having a job during July and August (see Bollman, 2022, slide 158).

Figure 6. Percent difference in labour utilization rate compared to the average for same month in 2017/2018/2019, all industry sectors, both sexes, 15+ years of age, Rural and Small Town Canada (RST), Canada.



Notes: The labour utilization rate is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada. (2021) Labour Force Survey, April 2021 (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>). (Here, the percent difference is calculated as the difference of logarithms times 100.)

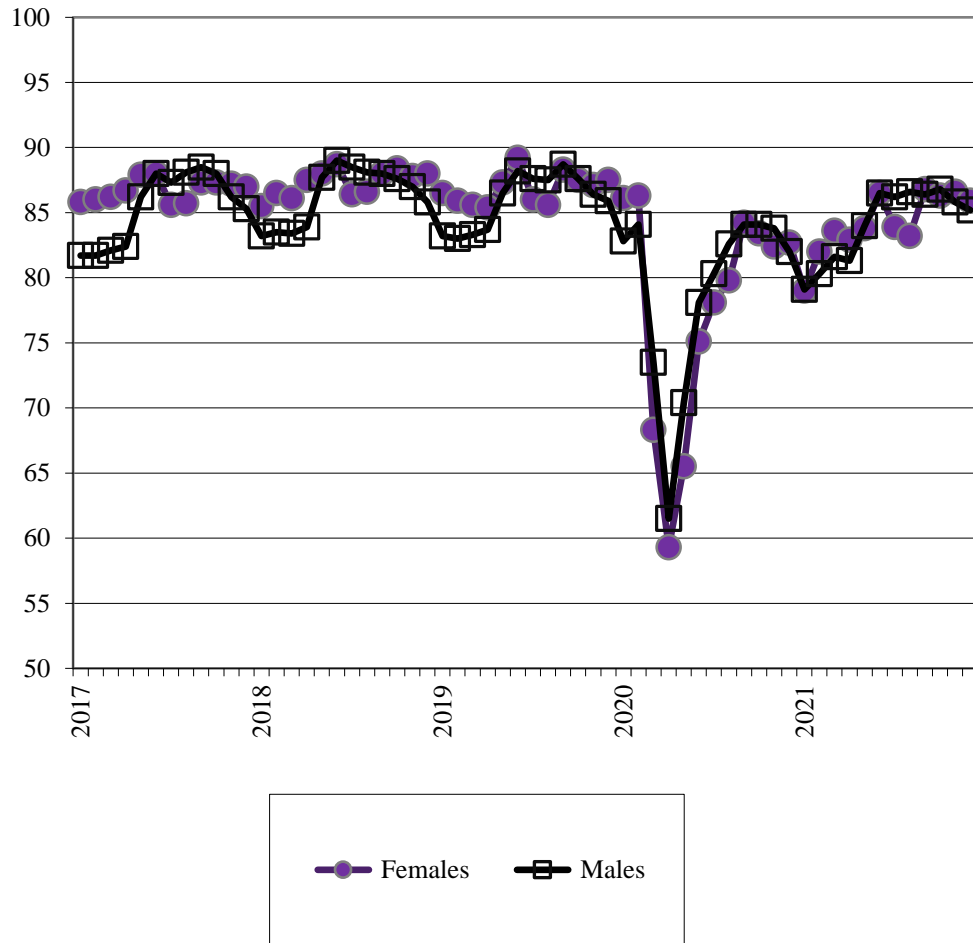
* **Rural & small town** (RST) individuals reside outside a CMA or CA.

Source: Statistics Canada. Labour Force Survey, Custom tabulation.

Also, note the COVID-19 employment gap in April 2020 for female labour utilization in Figure 8 (37.8%) is more than double the COVID-19 gap in terms of lost jobs (14.5% in Figure 6). In fact, in each month, we again see that the calculated labour utilization rate shows that the COVID-19 impact is double the gap shown in the given month for the impact on the number employed (i.e., compare Figure 8 with Figure 6).

Importantly, this measure of labour utilization includes individuals in the potential labour force who are not working, but want to work, for various reasons. This broader categorization of individuals who want to work but are not working has generated, with this measure, the observation that women have experienced slightly less utilization (i.e., a bigger COVID-19 gap in labour utilization as shown by deeper bars in Figure 8) than men in each COVID-19 month. By this measure, the rural SHE-cession is continuing.

Figure 7. Labour utilization rate (percent), all industry sectors, 15+ years of age, non-metro* areas, Canada.

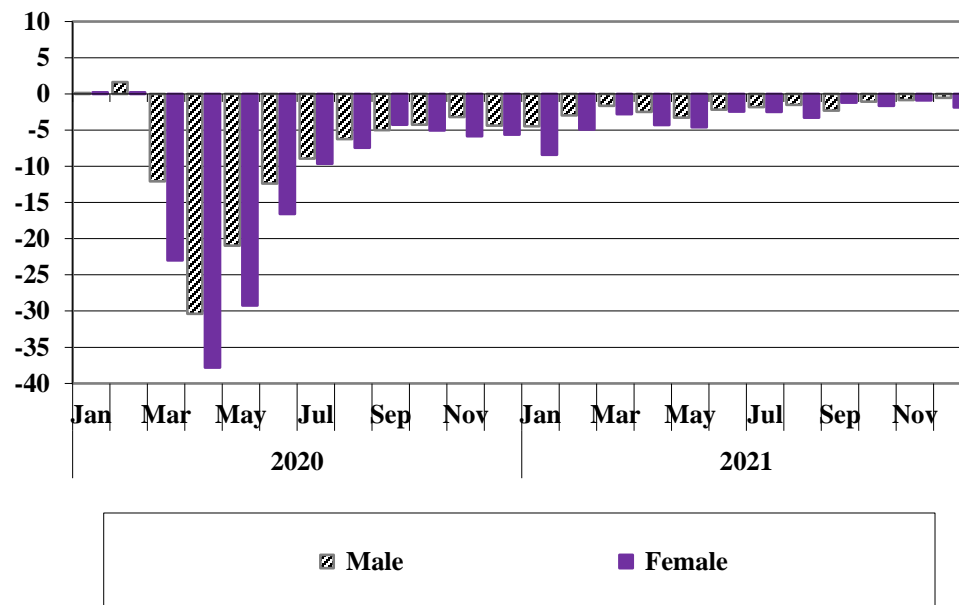


Notes: The labour utilization rate is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada. (2021) Labour Force Survey, April 2021 (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>).

*Metro refers to Census Metropolitan Areas (CMAs) with a total population of 100,000+ (with 50,000+ in the urban core) and includes neighbouring towns and municipalities where 50% or more of employed residents commute to the CMA. Non-metro refers to individuals who reside outside a CMA.

Source: Statistics Canada. Labour Force Survey, Custom tabulation.

Figure 8. Percent difference in labour utilization rate, compared to the average for same month in 2017/2018/2019, all industry sectors, both sexes, 15+ years of age, non-metro*Canada.



Note: The labour utilization rate is the number of individuals who are working as a percent of the potential labour force which includes those working plus those not working but wanting to work. For the exact definition, see Statistics Canada. (2021) Labour Force Survey, April 2021 (<https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm>). (Here, the percent difference is calculated as the difference of logarithms times 100.)

*Metro refers to Census Metropolitan Areas (CMAs) with a total population of 100,000+ (with 50,000+ in the urban core) and includes neighbouring towns and municipalities where 50% or more of employed residents commute to the CMA. Non-metro refers to individuals who reside outside a CMA.

Source: Statistics Canada. Labour Force Survey, Custom tabulation.

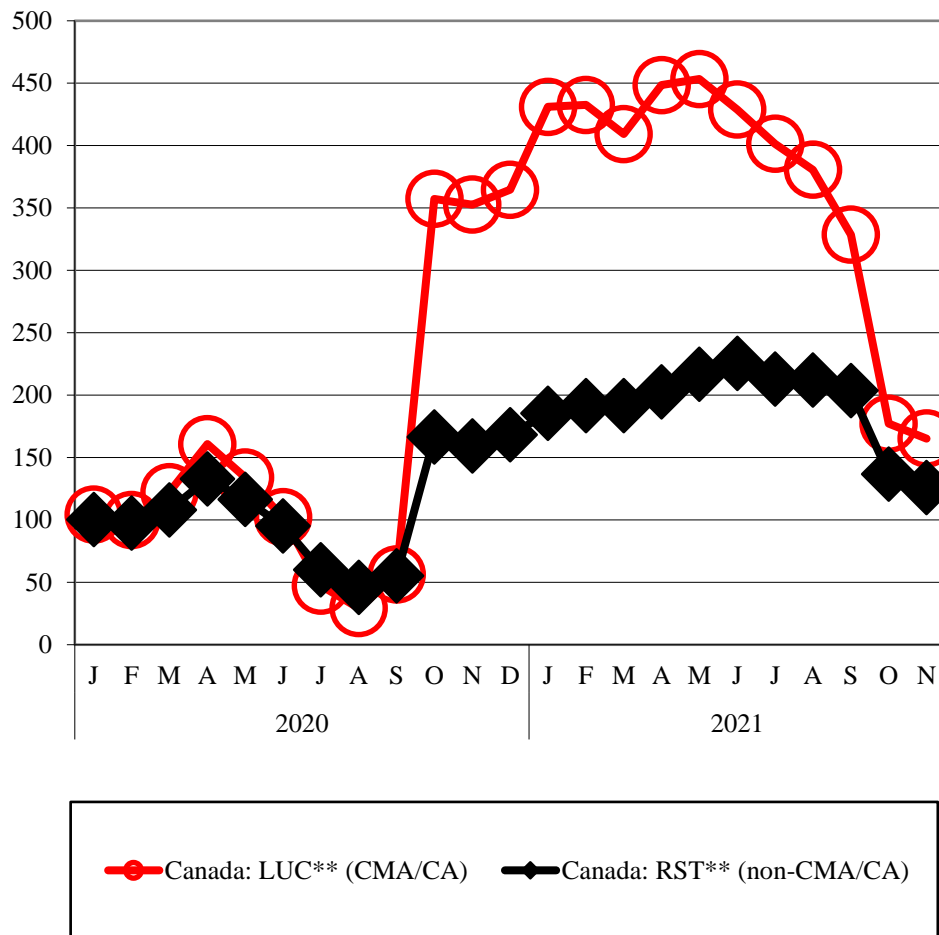
4.5 The Trend in the Number of Employment Insurance Beneficiaries

Published data on Employment Insurance beneficiaries¹⁸ allow us to see the relative impact of COVID-19 on employment in each Metropolitan Influenced Zone (MIZ). But first, a look at the overall pattern.

The number of beneficiaries in the Employment Insurance (EI) program declined from April to September 2020 as many individuals were claiming benefits from the Canada Emergency Response Benefit (CERB) (see Figure 9). In October, the CERB program was merged with the EI program (Employment and Social Development Canada, 2021).

¹⁸ It is acknowledged that the Employment Insurance (EI) program does not cover all unemployed persons. In 2019, 61.5% of unemployed persons had contributed to the EI program. Among those who contributed and who had a valid job separation (e.g., laid off) or quit for just cause), 82.4% had accumulated enough hours to be eligible for regular EI benefits (Statistics Canada, 2020e).

Figure 9. Number of Employment Insurance beneficiaries (with regular benefits) (Index: Same month in 2019 = 100), Canada**.



* Due to the COVID-19 situation, many Canadians who were not employed and seeking income assistance between March 15 and September 26, 2020 were accessing Government of Canada benefit programs other than Employment Insurance, such as the Canada Emergency Response Benefit (CERB). Data for the March to September reference months should be used with caution.

** LUCs (Larger Urban Centres) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations (CAs) with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA.

** RST (Rural & Small Town) individuals reside outside a CMA or CA.

Source: Statistics Canada. Table 14-10-0322-01.

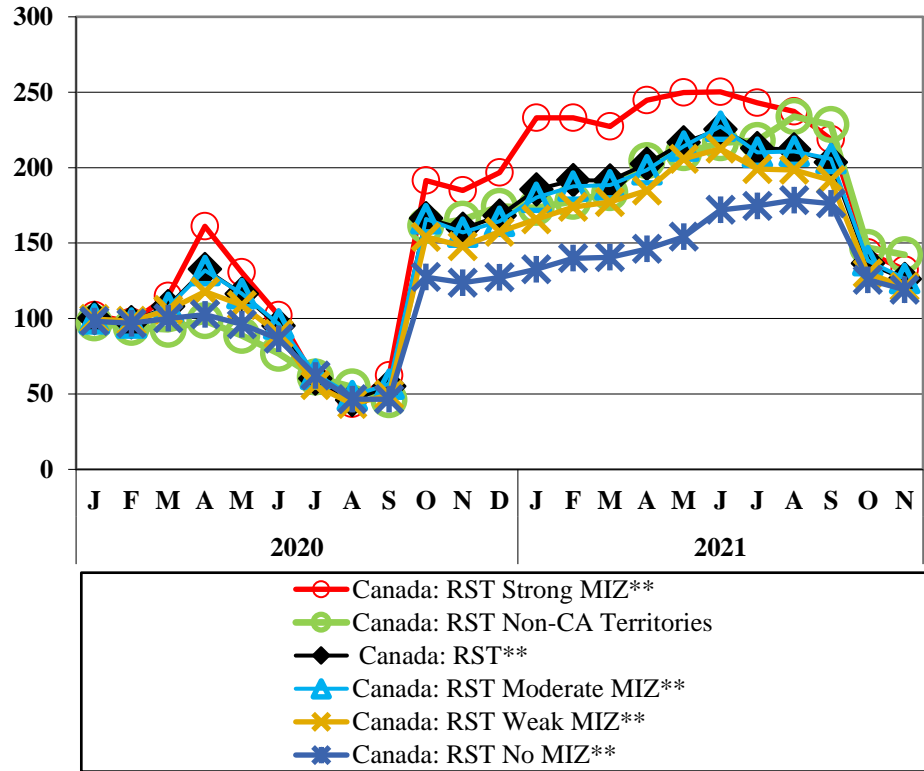
Above, it was noted that:

- a. the RST employment gap was slightly less than the LUC employment gap during the COVID-19 period up to May 2021, but the RST gap became slightly greater than the LUC gap from June to December 2021 (see Figure 1); whereas
- b. the RST labour utilization gap was slightly less than for LUCs throughout the period from March 2020 to December 2021 (see Figure 3).

Here, one sees that the number of EI recipients also shows a smaller COVID-19 impact in RST areas (see Figure 9). Compared to the baseline period (i.e., the average for the same month in 2017, 2018, and 2019), the COVID-19 increase in EI recipients in RST areas is about half the size of the increase in EI recipients in LUC areas. Interestingly, the finding that the “hit” in LUCs was double the hit in RST areas also occurred during the 2009 recession (Bollman, 2012) (although the 2009 “hit” was half the size of the COVID-19 hit).

Within RST areas, the Strong MIZ areas reported a larger increase in the number of EI beneficiaries during the COVID-19 months (see Figure 10), compared to the RST average. One should expect Strong MIZ areas to report a higher impact of COVID-19 because LUCs experienced a relatively higher impact of COVID-19 and Strong MIZ areas are strongly connected to LUCs (by definition).

Figure 10. Number of Employment Insurance beneficiaries (with regular benefits) (Index: Same month in 2019 = 100), RST Canada**.



* Due to the COVID-19 situation, many Canadians who were not employed and seeking income assistance between March 15 and September 26, 2020 were accessing Government of Canada benefit programs other than Employment Insurance, such as the Canada Emergency Response Benefit (CERB). Data for the March to September reference months should be used with caution..

** LUCs (Larger Urban Centres) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations (CAs) with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA.

** RST (Rural & Small Town) individuals reside outside a CMA or CA.

** MIZ (Metropolitan Influenced Zone) is based on the degree of commuting to a CMA or CA (Strong MIZ: 50+% commuting; Moderate MIZ: 5-49%; Weak MIZ: 1-4%; No MIZ: 0%).

Source: Statistics Canada, Table 14-10-0322-01.

The large impact in Strong MIZ areas is consistent with the situation during the 2009 recession (Bollman, 2012), and, notably, the increase in No MIZ areas was less than the RST average, again consistent with the pattern during the 2009 recession.

To summarize,

- a. consistent with the COVID-19 gap in employment noted above (particularly the smaller non-metro gap in labour utilization depicted in Figure 3), here we again see a smaller impact on RST employment, compared to LUC employment; and
- b. within RST areas, localities with a greater connection to LUC areas (i.e., Strong MIZ) show a greater impact of COVID-19 on employment, compared to the other MIZ zones.

4.6 Obstacles Faced by Businesses in Rural Canada

During COVID-19, all businesses in Canada have faced a perilous future of uncertainty, government restrictions, COVID-19 protocols and the operative word, the need to “pivot”. Statistics Canada, in partnership with the Canadian Chamber of Commerce, started the Canadian Survey on Business Conditions in 2020. Data for LUC businesses and RST businesses were available via a custom tabulation for the surveys up to the 1st quarter of 2021, but the published data since the 2nd quarter of 2021 included a LUC<>RST split for each published Table (Statistics Canada, 2021c). Analyses of these data by others (e.g., Smailes et al., 2021a, 2021b; Balcom et al. 2021; Balcom et al., 2022; Rural Ontario Institute, 2021a) show the top six obstacles reported by RST business were:

1. Rising cost of inputs
2. Recruiting skilled employees
3. Difficulty acquiring inputs locally
4. Cost of insurance
5. Transportation costs
6. Shortage of labour force

Each of these obstacles was reported by more than one-third of RST businesses in at least one quarter from the 3rd quarter of 2020 to the 4th quarter of 2021 (see Table 9, Appendix A).

Perhaps not surprisingly, these obstacles were also often reported by LUC businesses. In order to apply a “rural lens”¹⁹ to these results, a location quotient (or relative intensity) is calculated for each obstacle for RST businesses. This calculation shows that internet issues (broadband access, high-speed internet, speed of internet connection) are twice as likely (i.e., a location quotient greater than 2 in most cases) to be reported by RST businesses, compared to the average business across Canada (see Table 10, Appendix A). In each of the five quarters reported

¹⁹ Recently, Orb (2020) requested the federal government to apply a “rural lens” to Canada’s recovery. Many others have been making the same request for decades—recently, see Weeden (2020, 2021) and Rajaonson et al. (2021).

here, internet issues were much more important to RST business, compared to LUC businesses.

Other obstacles which were more likely to be relatively more important within RST areas in each quarter (i.e., a location quotient greater than 1 in each quarter) were:

1. Rising costs of inputs
2. Difficulty acquiring inputs locally
3. Maintaining inventory levels
4. Government regulations
5. Cost of insurance
6. Transportation costs

These are the issues that are relatively more important obstacles for RST business.

As noted earlier as a contextual item for rural employment, demographic change has put both RST and LUC communities into a demographic-induced labour shortage conundrum. In 4 of the 5 quarters up to the fourth quarter of 2021, the RST location quotient for “shortage of labour force” was relatively more important for RST businesses than for the average Canadian business (see Table 10, Appendix A, row 13). Note also that “recruiting and retaining skilled employees” had an RST location quotient greater than 1 in 4 of 5 quarters (see Table 10, Appendix A, rows 17 and 20). Labour shortages are relatively more important as obstacles for RST businesses.

The importance of these obstacles differs by industry sector (for a summary of these differences in the 1st quarter of 2021, see Table 1 in Statistics Canada, 2021b).

There were three industry sectors where more than 20% of RST businesses had plans to sell, close, or transfer, but less than 10% of their LUC counterparts had similar intentions: arts, entertainment and recreation (33.6% RST, 4.9% LUC), accommodation and food services (21.8% RST, 8.6% LUC), and real estate and rental and leasing (20.2% RST, 6.0% LUC) (Smailes et al., 2021, chart 3).

In the 1st quarter of 2021, when businesses were asked about the operating status of their business during COVID-19, slightly more RST than LUC businesses reported that they had remained “fully operational” (47.7% RST and 38.6% LUC) (Smailes et al., 2021a, chart 5). The RST incidence was higher for businesses in each of the goods sectors plus in retail and wholesale trade and in transportation and warehousing. However, the share of “fully operational” businesses was noticeably lower in RST, compared to LUC, in the sectors of information and cultural industries, finance and insurance, real estate and rentals and leasing, and health care and social assistance.

In the 2nd quarter of 2021, RST businesses were slightly more likely to report that they planned to sell, close, or transfer their business within 12 months (RST 6% compared to LUC 5%). However, the RST vs. LUC differences were stark in some industry sectors:

- In arts, entertainment and recreation: RST 17% vs LUC 3%
- In professional, scientific and technical services: RST 16% vs LUC 3%
- In transportation and warehousing: RST 13% vs. LUC 6% (chart 2 in Smailes et al. 2021b)

Also, there were a number of industry sectors where RST businesses, compared to LUC businesses, were much more likely to be planning to train current employees in a different skill set: namely, RST manufacturing; RST retail trade; RST health care and social assistance; and RST arts, entertainment, and recreation (Smailes et al., 2021b, chart 4).

As noted above, labour shortages are an RST intensive obstacle. These shortages are stark in some industry sectors:

- In RST accommodation and food service: 65% reported labour shortages as an obstacle in the 3rd quarter of 2021, up from 39% in the 2nd quarter.
- In RST manufacturing: 43% in the 3rd quarter of 2021, down from 53% in the 2nd quarter.
- In each of RST wholesale trade and RST health care and social assistance: up from 31% in the 2nd quarter of 2021 to 46% in 3rd quarter of 2021 (Balcom et al., 2021, chart 2).

RST businesses were slightly less likely in the 4th quarter of 2021 to report that one major obstacle would be the repaying of government support over the next year (13% for RST and 16% for LUC businesses). However, RST retail and wholesale trade businesses were more than 2.5 times as likely to report these payments to be a major obstacle (RST 24% versus LUC 9%) (Balcom et al., 2022, chart 4).

Across the five quarters for which we have data, both RST and LUC businesses reported (somewhat) similar expected obstacles going forward. However, the internet is two times more likely to be reported as an obstacle by RST businesses, compared to the average business in Canada as a whole.

4.7 Canada Emergency Wage Subsidy

In the period from March 15, 2020, to January 16, 2021, the Canada Emergency Wage Subsidy (CEWS) paid \$6.7 billion to businesses in RST Canada (see Tables 11a and 11b, Appendix A) (Statistics Canada, 2021d; Bacon et al., 2021). In each of the 11 claim periods²⁰ during this time, on average, 36,735 RST businesses received a payment from the CEWS program. This supported 400,450 employees in an average claim period, with the subsidy per supported employee in an average claim period being \$2,085. Up to January 16, 2021, the average RST business location received \$181,789 from CEWS, somewhat smaller than the \$239,953 received by the average LUC business—largely due to fewer RST employees receiving support at each business location (11 RST employees compared to 14 employees in LUC businesses). The payout per supported employee was higher in the RST Northwest Territories (a payout of \$3,277 per supported employee), in RST Alberta (\$2,416 per supported employee), in RST Ontario (\$2,302) and in RST Saskatchewan (\$2,158). Among these four jurisdictions, the RST payout was higher than the provincial / territorial average in three provinces (Northwest Territories, Ontario, and Saskatchewan)—each with a location quotient of 1.1.

Overall, for Canada as a whole, about 10% of the CEWS payouts went to RST businesses (see Table 9, Appendix A, col. 2 from right), which may be compared to the share of total paid employees that reside in RST areas (13%) (see Table 11a,

²⁰ Each claim period was 4 to 5 weeks (Employment and Social Development Canada, 2021).

Appendix A, last col.). These ratios are different in each province due to the different share in each province that resides in RST areas (Bollman, 2017). Interestingly, in Prince Edward Island, the share of the CEWS payout to RST businesses (36%) was slightly larger than share of the paid workforce in RST Prince Edward Island (35%). Note that only in Prince Edward Island do we see a location quotient = 1 (see Table 11b, Appendix A, col. 3 from the right), which indicates that the RST share of CEWS supported employees is the same as the RST share of employees in the baseline year of 2019.

The number of CEWS supported employees in an average claim period, compared to the number of paid employees in the average month as published by Statistics Canada's Labour Force Survey, indicates that about 19% of all RST paid employees benefited from the CEWS program compared to about 25% of LUC paid employees²¹ (see Table 11b, Appendix A, col. 4 from the right). Recall that employment decline in these months was somewhat less in RST areas than in LUCs in most provinces, and hence one would expect fewer paid employees in RST areas would have benefited from the CEWS program. Notably, the CEWS coverage per RST paid employee was higher in RST Alberta (28%) and in RST Prince Edward Island (21%).

Bacon et al. (2021) report that 23.5% of the CEWS paid to RST businesses was paid to manufacturing enterprises, 13.6% to construction enterprises, and 10.0% to enterprises in the accommodation and food services sector. They calculated that within RST areas, 29.9% of paid employees were supported by CEWS, followed by 29.8% of paid employees in accommodation and food services and 24.5% of paid employees in the sector of mining, quarrying, and oil and gas extraction.

Within RST Ontario, 23% of CEWS went to the manufacturing sector, followed by 16% to construction and 12% to the accommodation and food services sector (Rural Ontario Institute, 2021c)

5.0 Summary

COVID-19 has had large impacts across Canada's rural and urban economies. The objective of this report is to document some key urban<>rural differences.

The COVID-19 pandemic forced governments to impose unprecedented controls on human interaction. Essential services continued (such as the production, processing, transportation, and retailing of food) but with protocols to limit the transmission of the virus. Other services switched to the production and delivery of services via the internet (such as most office-related work in all sectors but particularly finance and insurance, public administration, professional, scientific and technical services, and education). The supply of so-called "unessential" services was (almost completely) shuttered, such as individual travel, accommodation, restaurants, bars, haircutting, physical fitness facilities, entertainment venues, etc. Workers in these sectors were hit the hardest by the restrictions on supplying services to consumers. A supply shutdown is a "disaster"—not a recession, in our view. The policy response, appropriately in our view, focused on providing aid/support to those hit by the disaster.

²¹ Bacon et al. (2021) obtained a slightly different result as they used an estimate of paid employees from Statistics Canada's "Canadian Business Counts" database (Table 33-10-0306-01).

The rural economy is (slightly) less intensive in employment in these essential services. Thus, not surprisingly, the COVID-19 employment gap in rural areas was less than the gap in urban areas in the months from March 2020 to May 2021—but only marginally less. Then, the employment gap widened in rural areas in large(r) service sectors (such as retail and wholesale, health and social assistance and other [personal] services) which generated the result of a larger rural employment gap, compared to urban, in the months from May 2021 to December 2021.

Notably, an alternative and broader indicator of the labour market situation, namely, “labour utilization,” shows that the COVID-19 impact on employment was twice as large as the simple calculation in the change in the number of jobs. However, the pattern for rural areas compared to urban areas was that the impact of COVID-19 on labour utilization was (slightly) less in rural areas, compared to urban areas, throughout the COVID-19 months.

From March 2020 to May 2021, the rural sectors contributing to a smaller rural job gap were:

- agriculture;
- manufacturing;
- transportation and warehousing;
- finance, insurance, and real estate;
- business, building, and other support services; and
- accommodation and food services.

From June to December 2021, the sectors contributing to a larger rural job gap were:

- forestry, fishing, mining, and oil and gas;
- retail and wholesale;
- professional, scientific, and technical services;
- health care and social assistance;
- information, culture, and recreation; and
- other (personal) services.

As measured by the percent change in Employment Insurance (EI) beneficiaries, COVID-19 had a larger impact in Strong MIZ (Metropolitan Influenced Zones) consistent with the larger employment gap in larger urban centres and a smaller impact in No MIZ. Interestingly, this pattern of EI change was the same during the 2009 recession.

Over the 2007-2021 period, there was a lower utilization of labour among rural Indigenous workers than for non-Indigenous rural workers—and this gap was wider in most of the COVID-19 months.

Within RST areas, the COVID-19 impact on employment rates has been, generally, larger for females than for males. However, this pattern changed in March 2021 when female employment rates actually rose above the historical pattern. Within rural areas, COVID-19 had little net impact on employment rates for both females and for males within the core working-age group 25–54 years of age in the period from August 2020 to December 2021.

However, the broader measure of labour utilization that recognizes that employed persons (i.e., persons with jobs) lost most or all of their hours during parts of the COVID-19 months, shows that female labour utilization remained less than for males in non-metro areas during the COVID-19 months. This measure indicates a continuation of a SHE-cession in non-metro areas.

The Canada Emergency Wage Subsidy (CEWS) provided essentially the same payout per supported employee in rural and urban areas, but rural business locations had somewhat fewer employees, and thus, the payout per business location was somewhat less. In terms of the coverage of the paid workforce, CEWS covered about 19% of Canada's rural paid employees—but notably about 28% of Alberta's rural paid employees. The pattern of the estimated coverage is consistent with the estimated employment gap due to COVID-19.

From an RST business point of view, internet capacity was mentioned twice as often as an “obstacle” by RST businesses, compared to LUC businesses. Also, labour shortages were mentioned more often by RST businesses. However, in terms of the absolute number of mentions, the cost of inputs and the cost of insurance were the main reported obstacles.

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Appendix A

Table 1: *Definition of Metro vs. Non-metro Areas and Definition of Larger Urban Centres vs. Rural and Small Town Areas*

Agglomerations of 100,000 or more	Agglomerations of 10,000 to 99,999	Outside agglomerations of 10,000 or more			
Census Metropolitan Areas (CMAs)	Census Agglomerations (CAs)	Strong MIZ	Moderate MIZ	Weak MIZ	No MIZ
Larger Urban Centres (LUCs)		Rural and Small Town (RST) areas			
Metro: Census Metropolitan Areas (CMAs)	Non-metro: Non-CMA				

Note: For details on the delineation of agglomerations, see Figure 2 in Statistics Canada's Statistical Area Classification (<https://www.statcan.gc.ca/en/subjects/standard/sgc/2016/introduction>).

See subsequent paragraphs that define Metropolitan Influenced Zones (MIZ).

Table 2: Structure of Employment by Industry Sector in Larger Urban Centres and in Rural and Small Town Areas, Canada, Pre-COVID-19

Industry sector(1)	Number employed (,000) in average month during 2017/2018/2019			As percent of total employment			RST LQ(3)	Number employed (,000) in peak month (June) in 2019			As percent of total employment			RST LQ(3)
	Larger urban centres(2)	Rural and small town(2) areas	All areas	Larger urban centres(2)	Rural and small town(2) areas	All areas		Larger urban centres(2)	Rural and small town(2) areas	All areas	Larger urban centres(2)	Rural and small town(2) areas	All areas	
	(A)	(B)	(C)	(D)	(E)	(F)		(G)	(H)	(I)	(J)	(K)	(L)		(M)	(N)
All industry sectors	15,998	2,613	18,612	100	100	100	1.0	16,650	2,692	19,342	100	100	100	1.0
Goods-producing sectors (subtotal)	3,060	875	3,935	19	33	21	1.6	3,180	912	4,092	19	34	21	1.6
Agriculture	107	181	288	1	7	2	4.5	118	189	307	1	7	2	4.4
Forestry, fishing, mining, oil and gas	205	128	333	1	5	2	2.7	207	140	348	1	5	2	2.9
Utilities	113	26	139	1	1	1	1.3	119	27	146	1	1	1	1.3
Construction	1,183	257	1,440	7	10	8	1.3	1,240	273	1,513	7	10	8	1.3
Manufacturing	1,452	283	1,735	9	11	9	1.2	1,494	283	1,778	9	11	9	1.1
Services-producing sectors (subtotal)	12,938	1,738	14,677	81	67	79	0.8	13,471	1,780	15,250	81	66	79	0.8
Retail and wholesale trade	2,429	372	2,801	15	14	15	0.9	2,472	372	2,844	15	14	15	0.9
Transportation and warehousing	846	141	987	5	5	5	1.0	922	151	1,072	6	6	6	1.0
Finance, insurance, real estate and leasing	1,095	82	1,178	7	3	6	0.5	1,128	71	1,199	7	3	6	0.4
Professional, scientific and technical services	1,371	101	1,473	9	4	8	0.5	1,467	103	1,570	9	4	8	0.5
Business, building and other support services	677	83	760	4	3	4	0.8	716	81	796	4	3	4	0.7
Educational services	1,153	160	1,313	7	6	7	0.9	1,222	164	1,386	7	6	7	0.9
Health care and social assistance	2,078	342	2,419	13	13	13	1.0	2,151	358	2,510	13	13	13	1.0
Information, culture and recreation	695	74	769	4	3	4	0.7	730	86	816	4	3	4	0.8
Accommodation and food services	1,065	149	1,215	7	6	7	0.9	1,058	160	1,218	6	6	6	0.9
Other (personal) services	666	126	792	4	5	4	1.1	699	122	821	4	5	4	1.1
Public administration	862	108	970	5	4	5	0.8	907	112	1,019	5	4	5	0.8

1. For examples of the types of businesses classified to each industry sector, see Statistics Canada. (2017) **North American Industry Classification System: 2017** (Ottawa: Statistics Canada, Catalogue no. 12-501) (<http://www5.statcan.gc.ca/olc-olc/action?objId=12-501-X&objType=2&lang=en&limit=0>).

2. **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. **Rural & small town** (RST) individuals reside outside a CMA or CA.

3. A location quotient indicates the relative intensity or concentration in RST areas in Canada relative to Canada as a whole. It is calculated as the share (or percent) in RST divided by the share (or percent) in Canada as a whole.

Source: Statistics Canada. Labour Force Survey, Tables 14-10-0374 and 14-10-0376-01.

Table 3: RST² Percent Difference³ in Number Employed, Compared to the Average for the Same Month in 2017/2018/2019, Canada

Industry sector ¹	2020												2021												Average: Mar 2020 to Dec 2021
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
	The shaded cell in each column shows the sector with the largest percent employment gap in that month. Sectors are ranked by the average for the months Mar 2020 to Dec 2021																								
Accommodation and food services	-4.8	-19.1	-50.2	-48.6	-21.1	-13.4	-11.3	-4.1	-8.3	-16.0	-27.1	-39.4	-32.3	-27.0	-26.1	-29.8	-27.7	-21.0	-16.8	-10.7	-13.7	-14.4	-15.4	-22.4	
Information, culture and recreation	-4.6	-23.0	-40.4	-49.5	-17.6	-19.3	-19.7	-3.5	-4.4	-7.9	-26.6	-27.3	-39.1	-38.5	-36.4	-27.3	-24.3	-24.8	-21.7	-5.1	7.6	-7.4	-4.7	-20.9	
Forestry, fishing, mining, oil and gas	-14.0	-14.0	-30.5	-18.8	-14.9	-13.4	-20.6	-22.1	-14.9	-13.8	-6.6	-13.6	-8.6	-11.6	2.4	4.3	-1.7	-4.6	-10.8	-7.3	-16.2	-21.5	-16.2	-12.5	
Business, building & other support services	-2.3	-1.7	-5.1	-7.2	-6.5	-9.2	-12.0	-23.1	-21.8	-10.0	-7.4	-8.6	-6.3	-5.4	1.6	1.7	-10.4	-17.3	-25.3	-21.6	-30.1	-27.6	-12.4	-12.1	
Other (personal) services	7.8	7.5	-6.5	-4.0	-5.3	-4.4	3.9	-2.2	-1.9	-3.3	-11.6	-3.2	-1.4	-2.9	-10.1	-23.8	-24.6	-34.6	-29.4	-28.1	-21.0	-12.5	-14.8	-10.7	
Retail and wholesale trade	-3.6	-9.5	-24.9	-16.8	-15.1	-11.4	-8.0	-3.5	-1.8	-2.9	-3.6	-10.1	-8.4	-7.6	-7.3	-12.9	-4.4	-8.9	-8.5	-7.2	-5.3	-2.7	-1.6	-8.3	
Agriculture	4.9	-2.1	-1.9	-1.5	0.2	-1.4	-3.8	-3.9	-5.6	-2.3	-7.9	-5.5	-7.9	-6.7	-11.1	-0.9	-6.2	-7.5	-12.7	-9.6	-15.2	-19.2	-21.5	-7.0	
All industry sectors	1.5	-2.3	-14.2	-11.3	-7.7	-6.7	-5.2	-3.7	-3.5	-2.9	-3.1	-3.7	-2.6	-2.3	-0.8	-2.8	-3.5	-4.5	-4.4	-2.9	-4.1	-3.2	-2.5	-4.4	
Transportation and warehousing	-7.0	-12.6	-16.4	-12.9	-3.3	0.2	-5.6	-4.6	-6.9	-9.4	-4.2	-6.7	-2.3	-10.6	-4.7	0.9	-2.6	6.1	5.4	5.3	1.2	-3.9	-3.0	-4.1	
Construction	7.2	9.1	-14.6	-8.8	-9.7	-9.8	-9.7	-5.7	-0.1	-1.2	-2.6	5.6	-2.1	2.8	6.2	-2.3	-6.2	-7.1	-3.9	-3.6	-2.9	1.5	2.8	-2.8	
Public administration	-1.0	1.5	-3.7	1.1	-6.4	-4.8	-2.2	5.4	3.8	0.9	5.2	8.2	1.6	-5.0	-6.1	-3.0	-5.1	-7.3	0.1	-2.7	-10.0	1.1	-4.7	-1.5	
Manufacturing	6.3	2.3	-13.5	-6.1	-5.4	-4.6	-6.1	-2.6	-0.8	2.0	0.5	0.9	4.3	4.7	5.9	1.8	1.1	0.5	0.3	2.1	3.8	2.6	1.0	-0.2	
Health care and social assistance	8.7	6.5	0.0	-4.2	0.9	-1.8	1.0	-0.1	-3.0	0.2	2.0	0.5	4.7	5.4	5.5	5.5	4.4	1.8	-0.2	-4.6	-10.4	-6.1	-2.7	0.2	
Educational services	2.1	-6.2	-14.6	-13.8	-12.3	-3.6	6.1	0.9	1.8	5.7	7.6	4.6	6.2	9.0	6.5	3.5	3.5	7.3	12.4	11.8	14.7	14.1	13.9	3.6	
Professional, scientific & technical services	2.1	1.8	-7.2	-8.2	-9.0	-3.0	-0.9	-2.1	-8.9	-1.0	10.3	8.7	7.4	3.1	6.9	7.5	11.8	16.8	17.8	14.2	16.0	15.5	17.2	5.2	
Utilities ⁴	-25.2	-36.5	-31.2	-26.9	-30.7	-43.2	-16.8	2.3	10.4	4.4	8.0	22.7	26.8	18.4	23.8	29.6	27.1	25.9	18.6	31.5	29.6	25.9	16.7	6.2	
Finance, insurance, real estate and leasing	7.2	8.5	-1.3	7.0	16.2	7.9	13.8	3.6	-1.6	-10.5	-3.5	2.8	7.6	16.7	21.0	14.9	12.0	18.0	11.7	14.6	6.9	6.7	4.6	8.1	

1. For examples of the types of businesses classified to each industry sector, see Statistics Canada. (2017) **North American Industry Classification System: 2017** (Ottawa: Statistics Canada, Catalogue no. 12-501) (<http://www5.statcan.gc.ca/olc-olc.action?objId=12-501-X&objType=2&lang=en&limit=0>).

2. Larger urban centres (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. Rural & small town (RST) individuals reside outside a CMA or CA.

3. The estimated change is calculated as the impact on employment IF there were no change in the level of population (15+ years of age). Thus, the estimated change is due to the change in the employment rate (i.e., the change in the percent of the population that is employed) which captures the impact of COVID-19 by excluding the impact of population change which is reflected in the LFS published data on the number employed. The percent difference compared to the average for the same month in 2017/2018/2019 is calculated as the difference of logarithms times 100.

4. The large decline in employment in utilities in the first half of 2020 is a continuation of a trend throughout 2019 and is not likely related to COVID-19.

Source: Statistics Canada. Labour Force Survey, Tables 14-10-0374 and 14-10-0376-01.

Table 4: *The Relative Impact of COVID-19 in RST Areas, Compared to LUC Areas and the Absolute Impact on the Level of RST Employment, Relative to the RST Baseline, Canada*

The impact of COVID-19 on the number employed (adjusted** for population change) is estimated to be GREATER in rural and small town areas, compared to larger urban centres, in:		In which months were the estimated number employed (adjusted* for population change) BELOW the level in the baseline month (i.e., the average for the same month in 2017, 2018 and 2019)?
Industry sector	Time period	
All industry sectors	Jun 2021 to Dec 2021	Below the historical pattern in all months from Mar 2020 to Dec 2021 (with an employment gap of 100+K in eight of those months)
Agriculture	Dec 2020 to Apr 2021 and Nov & Dec 2021	Below the historical pattern for all months from Mar 2020 to Dec 2021 (exc. Jun 2020)
Forestry, fishing, mining, oil and gas	All months from Mar 2020 to Dec 2021 (exc. Apr, May and Jun 2021)	Below the historical pattern for all months from Mar 2020 to Dec 2021 (exc. Apr and May 2021)
Utilities	Feb to Apr 2020	Below the historical pattern from Mar to Aug 2020
Construction	Jul, Aug and Sep, 2020 and Jul, Aug and Sep, 2021	Below the historical pattern from Apr to Dec 2020 and in Feb and Mar to Oct 2020
Manufacturing	Aug and Sep 2020	Below the historical pattern from Apr to Oct 2020
Retail and wholesale	All months from Mar 2020 to Dec 2021 (except May & Sep to Nov 2020)	Below the historical pattern for all months from Mar 2020 to Dec 2021 (with an employment gap of 30+K in 9 those months)
Transportation and warehousing	Mar, Apr and Nov 2020 and Nov and Dec 2021	Below the historical pattern from Mar to Jun and Aug to Dec 2020 and Jan to Apr and Jun and Nov and Dec 2021
Finance, insurance, real estate and leasing	Oct, Nov and Dec 2020	Below the historical pattern in Apr and Oct to Dec 2020
Professional, scientific and technical services	Apr to Jul and Sept to Nov 2020	Below the historical pattern in Apr to Nov 2020
Business, building and other support services	Sep to Nov 2020 and Jun to Dec 2021	Below the historical pattern from Mar 2020 to Mar 2021 and from Jun to Dec 2021
Educational services	Apr, May and Jun 2020	Below the historical pattern from Mar to Jul 2020
Health care and social assistance	Oct 2020 and Aug to Dec 2021	Below the historical pattern May and Jul and Oct 2020 and Aug to Dec 2021
Information, culture and recreation	Mar, Apr, May, Jul, Aug and Dec 2020 and Jan to Sep and Nov and Dec 2021	Below the historical pattern for all months from Mar 2020 to Dec 2021 (exc. Oct 2021) (with an employment gap of 15+K in 12 of those months)
Accommodation and food services	Only Jun 2021	Below the historical pattern for all months from Mar 2020 to Dec 2021 (with an employment gap of 30+K in 11 of those months)
Other (personal) services	Dec 2020 and May to Dec 2021	Below the historical pattern for all months from Mar 2020 to Dec 2021 (exc. Aug 2020)
Public administration	Apr, Jun, Jul, Aug 2020 and Mar to July and Sept, Oct and Dec 2021	Below the historical pattern in Apr and Jun to Aug 2020 and Mar to Jul and Sept, Oct and Dec 2021

** The estimated change is calculated as the impact on employment IF there were no change in the level of population (15+ years of age). Thus, the estimated change is due to the change in the employment rate (i.e., the change in the percent of the population that is employed) which captures the impact of COVID-19 by excluding the impact of population change which is reflected in the LFS published data on the number employed. The percent difference compared to the average for the same month in 2017/2018/2019 is calculated as the difference of logarithms times 100.

Table 5: RST Difference in Number Employed, Compared to the Average for the Same Month in 2017/2018/2019, Canada

Industry sector ¹	2020												2021												Average: Mar 2020 to Dec 2021
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
	RST DIFFERENCE ¹ in NUMBER EMPLOYED (000), compared to the average for the same month in 2017 / 2018 / 2019 each column shows the province with the largest difference in the number employed) Provinces are ranked by the average for the months Mar 2020 to Dec 2021																							(The shaded cell in	
CANADA	37	-56	-329	-278	-196	-171	-134	-94	-89	-74	-76	-89	-65	-56	-21	-72	-93	-116	-115	-74	-104	-80	-62	-111	
Quebec	25	-14	-122	-87	-71	-56	-41	-24	-22	-13	-15	-25	-17	-12	-8	-17	-34	-37	-26	-11	-5	-5	-4	-30	
Alberta	-4	-3	-40	-39	-44	-36	-36	-30	-32	-29	-32	-33	-19	-23	-6	-13	-25	-22	-25	-12	-36	-20	-8	-26	
Ontario	9	-6	-50	-58	-34	-39	-35	-27	-23	-25	-9	-16	-9	2	-1	-20	-12	-19	-25	-21	-10	-10	4	-20	
Manitoba	0	-8	-20	-19	-12	-11	-7	-5	-1	-5	-11	-7	-5	-10	-5	-8	-3	-6	-5	-2	-2	-3	-1	-7	
Nova Scotia	3	-8	-19	-19	-9	-13	-12	-7	-8	-4	-3	-2	-2	-5	-2	-6	-1	-4	-5	-3	-6	-5	-5	-7	
British Columbia	-5	-8	-36	-17	-7	-4	4	8	1	4	0	-6	-2	1	5	5	-6	-10	-10	-4	-20	-19	-23	-7	
Saskatchewan	5	-3	-12	-13	-6	-2	-3	-2	1	-3	0	3	2	-1	0	-3	-6	-7	-6	-2	-8	-9	-9	-4	
New Brunswick	4	-4	-15	-11	-2	0	0	0	0	2	-3	1	-2	-2	-2	-3	-4	-6	-5	-7	-6	-4	-9	-4	
Newfoundland and Labrador	3	3	-11	-10	-9	-6	-1	-4	2	5	1	4	-1	1	4	2	4	1	-1	-6	-6	-1	-1	-2	
Prince Edward Island	2	0	-2	-2	0	-1	0	0	-1	0	0	1	0	0	1	-1	-1	-1	-1	-1	-2	0	1	0	

1. The estimated difference is calculated as the impact on employment IF there were no change in the level of population (15+ years of age). Thus, the estimated difference is due to the change in the employment rate (i.e., the change in the percent of the population that is employed) which captures the impact of COVID-19 by excluding the impact of population change which is reflected in the LFS published data on the number employed.

2. **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. **Rural & small town** (RST) individuals reside outside a CMA or CA.

Source: Statistics Canada. Labour Force Survey, Tables 14-10-0374-01 and 14-10-0376-01.

Table 6: *Comparing the Size of the Estimated Percent Employment Gap in Rural and Small Town (RST) Areas, Compared to Larger Urban Centres (LUCs), Canada*

Industry sector	Contribution of sectors to lower RST percent employment gap: March 2020 to May 2021	Contribution of sectors to higher RST percent employment gap: June to December 2021
Agriculture	Mar to Nov 2020	Nov & Dec 2021
Forestry, fishing, mining, oil and gas	..	July to Dec 2021
Utilities	..	..
Construction	..	..
Manufacturing	Mar to Jul 2020 and Oct 2020 to Dec 2021	..
Retail and wholesale		Jan to Dec 2021
Transportation and warehousing	May 2020 to Oct 2021 (exc. Nov 2020)	Nov & Dec 2021
Finance, insurance, real estate and leasing	Mar to Sep 2020 and Dec 2020 to Dec 2021	..
Professional, scientific and technical services	..	Jun to Dec 2021
Business, building and other support services	Mar to Aug 2020 and Dec 2020 to May 2021	..
Educational services	..	..
Health care and social assistance	..	Aug to Dec 2021
Information, culture and recreation	..	Jan to Dec (exc. Oct) 2021
Accommodation and food services	Jan 2020 to May 2021	..
Other (personal) services	..	May to Dec 2021
Public administration	..	Jun, Jul, Sep, Oct, Dec 2021

Table 7: RST Percent Difference¹ in Number Employed, Compared to the Average for the Same Month in 2017/2018/2019

Industry sector	2020											2021											Average: Mar 2020 to Dec 2021	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec
	Provinces are ranked by the average for the months Mar 2020 to Dec 2021																							
Alberta	-1.2	-0.8	-12.6	-11.9	-12.9	-10.7	-10.7	-9.3	-10.0	-9.3	-10.4	-10.8	-6.1	-7.3	-1.7	-4.0	-7.4	-6.7	-7.7	-3.6	-11.4	-6.3	-2.6	-7.9
Nova Scotia	2.0	-6.5	-15.0	-14.8	-6.3	-9.6	-9.1	-5.3	-6.2	-3.2	-2.5	-1.8	-1.7	-3.5	-1.6	-4.4	-0.8	-2.8	-3.4	-2.5	-4.5	-3.6	-3.6	-5.1
Manitoba	0.2	-6.1	-15.1	-13.5	-8.5	-7.7	-5.2	-3.3	-0.6	-3.2	-7.8	-5.3	-3.4	-6.8	-3.8	-5.3	-2.1	-4.4	-3.6	-1.2	-1.4	-2.2	-0.9	-5.1
Quebec	3.6	-2.2	-20.2	-13.2	-10.3	-7.9	-5.8	-3.4	-3.2	-1.8	-2.1	-3.8	-2.5	-1.9	-1.2	-2.5	-4.8	-5.0	-3.6	-1.6	-0.7	-0.6	-0.6	-4.5
CANADA	1.5	-2.3	-14.2	-11.3	-7.7	-6.7	-5.2	-3.7	-3.5	-2.9	-3.1	-3.7	-2.6	-2.3	-0.8	-2.8	-3.5	-4.5	-4.4	-2.9	-4.1	-3.2	-2.5	-4.4
Ontario	1.5	-1.0	-8.7	-9.8	-5.5	-6.4	-5.7	-4.4	-3.8	-4.1	-1.6	-2.7	-1.6	0.4	-0.1	-3.2	-1.9	-3.0	-4.1	-3.3	-1.6	-1.6	0.6	-3.3
New Brunswick	3.3	-3.5	-14.5	-9.5	-1.7	0.1	0.7	0.3	0.2	1.9	-2.6	0.6	-1.5	-1.5	-1.4	-2.6	-3.2	-5.2	-4.3	-5.5	-4.8	-3.4	-8.2	-3.2
British Columbia	-2.4	-3.6	-16.7	-7.7	-3.0	-1.9	1.6	3.5	0.4	1.6	0.2	-2.7	-1.0	0.6	2.0	2.1	-2.3	-4.4	-4.3	-1.9	-8.9	-8.6	-10.6	-3.0
Saskatchewan	3.1	-1.7	-7.8	-8.1	-3.9	-1.3	-2.0	-1.3	0.6	-1.9	0.2	2.0	1.3	-0.4	-0.2	-2.1	-3.8	-4.6	-3.6	-1.2	-5.0	-6.1	-6.2	-2.6
Newfoundland and Labrador	4.3	3.7	-15.6	-12.8	-10.4	-6.5	-1.6	-4.3	2.5	5.8	1.3	4.6	-2.0	1.3	4.8	1.8	4.6	0.9	-1.5	-7.6	-8.0	-1.6	-1.6	-1.9
Prince Edward Island	6.2	-0.2	-6.5	-6.4	-1.2	-4.7	0.8	-1.4	-3.0	-1.3	1.8	4.6	0.7	1.8	2.5	-3.7	-3.2	-3.5	-3.6	-3.3	-7.1	-1.3	3.4	-1.6

1. The estimated change is calculated as the impact on employment IF there were no change in the level of population (15+ years of age). Thus, the estimated change is due to the change in the employment rate (i.e., the change in the percent of the population that is employed) which captures the impact of COVID-19 by excluding the impact of population change which is reflected in the LFS published data on the number employed. The percent difference compared to the average for the same month in 2017/2018/2019 is calculated as the difference of logarithms times 100.

2. **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. **Rural & small town** (RST) individuals reside outside a CMA or CA.

Source: Statistics Canada. Labour Force Survey, Tables 14-10-0374-01 and 14-10-0376-01.

Table 8: RST difference in number employed (000), compared to the average for the same month in 2017 / 2018 / 2019, Canada and Provinces

Industry sector1	2020											2021											Average: Mar 2020 to Dec 2021	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec
	Provinces are ranked by the average for the months Mar 2020 to Dec 2021																							
CANADA	37	-56	-329	-278	-196	-171	-134	-94	-89	-74	-76	-89	-65	-56	-21	-72	-93	-116	-115	-74	-104	-80	-62	-111
Quebec	25	-14	-122	-87	-71	-56	-41	-24	-22	-13	-15	-25	-17	-12	-8	-17	-34	-37	-26	-11	-5	-5	-4	-30
Alberta	-4	-3	-40	-39	-44	-36	-36	-30	-32	-29	-32	-33	-19	-23	-6	-13	-25	-22	-25	-12	-36	-20	-8	-26
Ontario	9	-6	-50	-58	-34	-39	-35	-27	-23	-25	-9	-16	-9	2	-1	-20	-12	-19	-25	-21	-10	-10	4	-20
Manitoba	0	-8	-20	-19	-12	-11	-7	-5	-1	-5	-11	-7	-5	-10	-5	-8	-3	-6	-5	-2	-2	-3	-1	-7
Nova Scotia	3	-8	-19	-19	-9	-13	-12	-7	-8	-4	-3	-2	-2	-5	-2	-6	-1	-4	-5	-3	-6	-5	-5	-7
British Columbia	-5	-8	-36	-17	-7	-4	4	8	1	4	0	-6	-2	1	5	5	-6	-10	-10	-4	-20	-19	-23	-7
Saskatchewan	5	-3	-12	-13	-6	-2	-3	-2	1	-3	0	3	2	-1	0	-3	-6	-7	-6	-2	-8	-9	-9	-4
New Brunswick	4	-4	-15	-11	-2	0	0	0	0	2	-3	1	-2	-2	-2	-3	-4	-6	-5	-7	-6	-4	-9	-4
Newfoundland and Labrador	3	3	-11	-10	-9	-6	-1	-4	2	5	1	4	-1	1	4	2	4	1	-1	-6	-6	-1	-1	-2
Prince Edward Island	2	0	-2	-2	0	-1	0	0	-1	0	0	1	0	0	1	-1	-1	-1	-1	-1	-2	0	1	0

1. The estimated difference is calculated as the impact on employment IF there were no change in the level of population (15+ years of age). Thus, the estimated difference is due to the change in the employment rate (i.e., the change in the percent of the population that is employed) which captures the impact of COVID-19 by excluding the impact of population change which is reflected in the LFS published data on the number employed.

2. **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations with a population of 10,000 to 99,999 and both include residents of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. **Rural & small town** (RST) individuals reside outside a CMA or CA.

Source: Statistics Canada. Labour Force Survey, Tables 14-10-0374-01 and 14-10-0376-01.

Table 9: Top Six Obstacles Faced by Businesses in Rural and Small Town Canada

Obstacles faced during the last three months (in the third quarter of 2020) and obstacles expected to be faced over the next three months (in each quarter in 2021)	Larger urban centres (1)					Rural and small town areas (1)					All areas					Location quotient (2) for rural and small town areas					
	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	
	Percent reporting																				
	"Obstacles" are ranked by the highest PERCENT reporting by businesses in rural and small town areas in any quarter																				
1	Rising cost of inputs	19	23	37	37	41	26	40	43	45	49	20	26	38	39	43	1.3	1.6	1.1	1.2	1.2
2	Recruiting skilled employees			28	34	35			29	38	36			28	35	35			1.1	1.1	1.0
3	Difficulty acquiring inputs, products or supplies domestically			21	21	25			28	32	37			22	23	27			1.3	1.4	1.3
4	Cost of insurance		19	25	24	31		25	33	33	36		20	26	25	32		1.3	1.2	1.3	1.1
5	Transportation costs			22	22	30			27	28	34			23	23	31			1.2	1.2	1.1
6	Shortage of labour force	21	18	23	30	33	29	25	28	34	31	23	20	24	30	33	1.3	1.3	1.2	1.1	0.9

1. **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations (CAs) with a population of 10,000 to 99,999 and both include businesses of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. **Rural and small town** (RST) businesses are located outside a CMA or CA.

2. A location quotient indicates the relative intensity or concentration in rural and small town (RST) Canada relative to Canada as a whole. It is calculated as the share (or percent) in RST divided by the share (or percent) in Canada as a whole

Source: Statistics Canada. *Canadian Survey on Business Conditions*, Table 33-10-0273-01 and custom tabulation for Q3 2020, Table 33-10-0308-01 and custom tabulation for Q1 2021, Table 33-10-0338-01 for Q2 2021, Table 33-10-0273-01 for Q3 2021 and Table 22-10-0400-01 for Q4 2021.

Table 10: *Obstacles Faced by Businesses in Canada*

Obstacles faced during the last three months (in the third quarter of 2020) and obstacles expected to be faced over the next three months (in each quarter in 2021)	Larger urban centres (1)					Rural and small town areas (1)					All areas					Location quotient (2) for rural and small town areas				
	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q3 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	Percent reporting																			
	"Obstacles" are ranked by the highest relative importance to businesses in rural and small town areas in any quarter															(i.e., highest location quotient in any quarter)				
Broadband access	2					7					3					2.3				
High speed internet		6					15					7					2.1			
Speed of Internet connection			8	8	10			19	21	19			10	10	12			1.9	2.1	1.6
Rising cost of inputs	19	23	37	37	41	26	40	43	45	49	20	26	38	39	43	1.3	1.6	1.1	1.2	1.2
Obstacles for the business or organization, other	10	6	4	2	2	13	5	6	2	3	11	6	4	2	3	1.2	0.9	1.5	1.2	1.3
Difficulty acquiring inputs, products or supplies domestically			21	21	25			28	32	37			22	23	27			1.3	1.4	1.3
Supply chain challenges		22					32					24					1.3			
Intellectual property protection		1	2	3			2	2	3			2	2	3			1.3	1.0	1.0	
Maintaining inventory levels		13	13	16	18		18	16	19	21		13	14	16	18		1.3	1.2	1.2	1.1
Government regulations	14	22	22	16	18	16	26	29	23	25	14	23	23	17	20	1.1	1.1	1.3	1.3	1.3
Cost of insurance		19	25	24	31		25	33	33	36		20	26	25	32		1.3	1.2	1.3	1.1
Cost of personal protective equipment (PPE), additional cleaning or implementing distancing requirements				20	22				20	23				20	22				1.3	1.1
Shortage of labour force	21	18	23	30	33	29	25	28	34	31	23	20	24	30	33	1.3	1.3	1.2	1.1	0.9
Challenges related to exporting goods and services	3	3	3	3	3	4	4	2	3	3	3	3	3	3	3	1.3	1.2	0.7	1.0	0.9
Shortage of space or equipment	6	5	6	7	8	7	5	6	10	10	6	5	6	8	9	1.1	1.0	1.0	1.2	1.1
Transportation costs			22	22	30			27	28	34			23	23	31			1.2	1.2	1.1

Table 10 continued

Recruiting and retaining skilled employees	20	23				26	27				21	24				1.2	1.1			
Obtaining financing	8	10	13	9	11	6	12	10	10	10	8	10	13	9	11	0.8	1.1	0.8	1.0	0.9
Corporate tax rate	7					8					7					1.1				
Recruiting skilled employees			28	34	35			29	38	36			28	35	35			1.1	1.1	1.0
Difficulty acquiring inputs, products or supplies from abroad			12	15	17			11	16	19			11	15	18			0.9	1.1	1.1
Obstacles for the business or organization, none	21	18	17	21	19	19	18	14	23	15	21	18	16	21	19	0.9	1.0	0.9	1.1	0.8
Travel restrictions (and travel bans)		20	25	16	16		18	25	13	14		19	25	15	16		0.9	1.0	0.8	0.9
Retaining skilled employees			22	25	27			22	25	24			22	25	26			1.0	1.0	0.9
Maintaining sufficient cash flow or managing debt	23	24	23	18	20	21	24	19	17	20	23	24	22	18	20	0.9	1.0	0.9	0.9	1.0
Fluctuations in consumer demand	32	32	28	23	21	30	31	21	20	21	32	31	27	23	21	0.9	1.0	0.8	0.9	1.0
Increasing competition	10	20	18	19	19	10	16	12	12	13	10	19	17	18	18	0.9	0.8	0.7	0.7	0.7
Insufficient demand for goods or services offered	30	31	20	14	15	23	20	17	12	11	29	29	20	14	15	0.8	0.7	0.9	0.9	0.7
Attracting new or returning customers			30	23	21			18	17	18			28	22	21			0.6	0.8	0.9
Financial constraints	36					30					35					0.9				

1. **Larger urban centres** (LUCs) include Census Metropolitan Areas (CMAs) with a total population 100,000 or more (with at least 50,000 in the urban core) and Census Agglomerations (CAs) with a population of 10,000 to 99,999 and both include businesses of neighbouring towns and municipalities where 50+% of employed residents commute to the CMA or CA. **Rural and small town** (RST) businesses are located outside a CMA or CA.

2. A location quotient indicates the relative intensity or concentration in rural and small town (RST) Canada relative to Canada as a whole. It is calculated as the share (or percent) in RST divided by the share (or percent) in Canada as a whole

Source: Statistics Canada. *Canadian Survey on Business Conditions*, Table 33-10-0273-01 and custom tabulation for Q3 2020, Table 33-10-0308-01 and custom tabulation for Q1 2021, Table 33-10-0338-01 for Q2 2021, Table 33-10-0273-01 for Q3 2021 and Table 22-10-0400-01 for Q4 2021.

Table 11a: Subsidies Paid from the Canada Emergency Wage Subsidy (CEWS) program, Canada, Provinces and Territories

Province / Territory	Location of business	Number of paid employees in average month in 2019 (LFS ²)	CEWS amount paid per LFS ² employee in 2019		CEWS supported employees in an average claim period ⁴ compared to the number of LFS ² employees in the average month of 2019		RST aggregate subsidy as percent of total within each province	RST number employed as percent of total within each province
			\$	RST ¹ location quotient ³	%	RST ¹ location quotient ³		
Newfoundland and Labrador	RST*	77,183	\$2,373	0.7	15	0.7	27	37
	LUC*	131,650	\$3,686		22			
	All areas	208,833	\$3,201		19			
Prince Edward Island	RST*	24,017	\$3,426	1.0	21	1.0	36	35
	LUC*	44,542	\$3,279		22			
	All areas	68,558	\$3,330		22			
Nova Scotia	RST*	115,300	\$2,752	0.9	17	0.9	26	28
	LUC*	290,933	\$3,070		20			
	All areas	406,233	\$2,980		19			
New Brunswick	RST*	103,192	\$3,009	0.9	19	0.9	30	32
	LUC*	220,000	\$3,285		21			
	All areas	323,192	\$3,197		21			
Quebec	RST*	607,858	\$3,157	0.8	20	0.8	13	16
	LUC*	3,137,517	\$4,051		25			
	All areas	3,745,375	\$3,906		24			
Ontario	RST*	490,908	\$2,591	0.6	16	0.6	5	8
	LUC*	5,715,175	\$4,300		26			
	All areas	6,206,083	\$4,165		25			
Manitoba	RST*	109,292	\$1,951	0.7	13	0.7	13	19
	LUC*	458,325	\$3,140		20			
	All areas	567,617	\$2,911		19			
Saskatchewan	RST*	118,167	\$2,134	0.7	12	0.7	18	25
	LUC*	352,483	\$3,206		20			
	All areas	470,650	\$2,937		18			

Table 11a continued

Alberta	RST*	264,267	\$5,316	1.0	28	0.9	13	14
	LUC*	1,666,975	\$5,574		30			
	All areas	1,931,242	\$5,539		30			
British Columbia	RST*	189,467	\$3,333	0.9	20	0.9	8	9
	LUC*	2,004,283	\$3,775		23			
	All areas	2,193,750	\$3,737		22			
Yukon	RST*	..	..		..	..	10	..
	LUC*	..	..		..
	All areas	23,225	\$2,527		14			
Northwest Territories	RST*	..	..		..	..	44	..
	LUC*	..	..		..
	All areas	22,642	\$4,166		18			
Nunavut	RST*	..	..		..	..	100	..
	LUC*	..	..		..
	All areas	13,042	\$3,433		17			
Canada	RST*	2,099,592	\$3,181	0.8	19	0.8	10	13
	LUC*	14,021,892	\$4,212		25			
	All areas	16,121,483	\$4,078		24			

Table 11b. Subsidies paid from the Canada Emergency Wage Subsidy (CEWS) program, Canada, Provinces and Territories, Approved Claims from March 15, 2020 to January 16, 2021, 2020

Province / Territory	Location of business	Canada Emergency Wage Subsidy (CEWS) program ¹ , approved claims from March 15, 2020 to January 16, 2021						
		Number of business locations in average claim period ⁴	Aggregate subsidy paid up to January 16, 2021 (\$millions)	Number of supported employees in average claim period ⁴	Aggregate subsidy paid per business location up to January 16, 2021	Number of supported employees per business location	Amount of subsidy per supported employee in an average claim period ⁴	
							\$	RST ¹ location quotient ³
Newfoundland and Labrador	RST*	1,165	\$183	11,260	\$157,192	10	\$2,033	1.0
	LUC*	2,507	\$485	29,425	\$193,579	12	\$2,062	
	All areas	3,672	\$668	40,685	\$182,035	11	\$2,054	
Prince Edward Island	RST*	473	\$82	5,070	\$173,941	11	\$2,028	1.1
	LUC*	901	\$146	9,897	\$162,098	11	\$1,845	
	All areas	1,374	\$228	14,967	\$166,175	11	\$1,907	
Nova Scotia	RST*	1,987	\$317	20,003	\$159,706	10	\$1,983	1.0
	LUC*	4,658	\$893	58,494	\$191,741	13	\$1,909	
	All areas	6,645	\$1,210	78,497	\$182,162	12	\$1,928	
New Brunswick	RST*	1,710	\$310	19,458	\$181,555	11	\$1,994	1.0
	LUC*	3,923	\$723	46,944	\$184,248	12	\$1,925	
	All areas	5,633	\$1,033	66,402	\$183,430	12	\$1,945	
Quebec	RST*	10,675	\$1,919	122,825	\$179,783	12	\$1,953	1.0
	LUC*	53,118	\$12,710	773,388	\$239,281	15	\$2,054	
	All areas	63,793	\$14,629	896,213	\$229,325	14	\$2,040	
Ontario	RST*	7,040	\$1,272	78,931	\$180,687	11	\$2,302	1.1
	LUC*	98,972	\$24,573	1,464,221	\$248,287	15	\$2,098	
	All areas	106,012	\$25,846	1,543,152	\$243,798	15	\$2,094	

Manitoba	RST*	1,334	\$213	14,004	\$159,876	10	\$1,904	1.0
	LUC*	6,178	\$1,439	93,080	\$232,917	15	\$1,932	
	All areas	7,512	\$1,652	107,084	\$219,946	14	\$1,929	
Saskatchewan	RST*	1,823	\$252	14,610	\$138,327	8	\$2,158	1.1
	LUC*	5,920	\$1,130	71,653	\$190,902	12	\$1,972	
	All areas	7,743	\$1,382	86,263	\$178,524	11	\$2,003	
Alberta	RST*	6,680	\$1,405	72,698	\$210,317	11	\$2,416	1.0
	LUC*	31,212	\$9,292	504,169	\$297,694	16	\$2,304	
	All areas	37,892	\$10,697	576,867	\$282,291	15	\$2,318	
British Columbia	RST*	3,605	\$631	37,373	\$175,149	10	\$2,112	1.0
	LUC*	38,300	\$7,567	455,261	\$197,561	12	\$2,078	
	All areas	41,905	\$8,198	492,634	\$195,633	12	\$2,080	
Yukon	RST*	47	\$6	315	\$120,872	7	\$2,254	1.0
	LUC*	275	\$53	2,934	\$192,782	11	\$2,259	
	All areas	322	\$59	3,249	\$182,286	10	\$2,258	
Northwest Territories	RST*	90	\$41	1,578	\$459,633	18	\$3,277	1.1
	LUC*	184	\$53	2,472	\$287,804	13	\$2,678	
	All areas	274	\$94	4,050	\$344,245	15	\$2,911	
Nunavut	RST*	109	\$45	2,234	\$410,771	20	\$2,505	1.0
	LUC*	..	..	..	..	..	..
	All areas	109	\$45	2,234	\$410,771	20	2,505	
Canada	RST*	36,735	\$6,678	400,450	\$181,789	11	\$2,085	1.0
	LUC*	246,149	\$59,064	3,512,144	\$239,953	14	\$2,102	
	All areas	282,884	\$65,742	3,912,594	\$232,400	14	\$2,100	