



**Workforce Planning Hamilton**  
Planification de main d'oeuvre de Hamilton



## **Post Pandemic Economic Scenarios**

What will Hamilton's labour market look in post-pandemic?

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## Post Pandemic Economic Scenarios

### Project Overview

This document is intended to broaden and deepen conversations about next steps in addressing the present and future economic and social impacts of the COVID-19 pandemic in Workforce Planning Hamilton Committee. **It provides:**

- (1) An overview of **the recovery timeline**, describing four stages of recovery that are our conceptual basis for how the economy as a whole, individual sectors, and individual businesses will progress through the crisis.
- (2) A summary of **the past**, describing issues since the start of the pandemic that are not relevant to the current situation but provide important historical context.
- (3) An overview of **the present**, describing the impacts that have already been felt, impacts we can anticipate, initiatives that have already been launched, and other ideas for potential actions that are being explored in the region.
- (4) An overview of **the future**, describing a set of preliminary socio-economic scenarios that have been developed by Workforce Planning Hamilton Committee
- (5) **Recommendations** and the preliminary design of potential labour market and workforce initiatives up to June, 2022.

Using this current status overview and this set of preliminary future scenarios, Workforce Planning Hamilton Committee members, businesses, and community leaders may continue discussions to identify initiatives that can be put in place today, and in future scenarios.

Our committee which consists of the staff in Workforce Planning Hamilton plus board members, includes a strong partnership with Economic Development and many members of the Economic Recovery Task Force.

The next step in developing strategic plans will be to elaborate the scenarios and their indicators further to account for impacts on specific industries, and then to identify scenario-based recommendations for action to overcome the challenges and identify opportunities that each of these scenarios could present to our community.

## Scenario-based planning timeline

- Identify key factors
- Identify critical uncertainties and scenario matrix
- Build out scenarios and action plans with stakeholders
- Revise and validate scenarios and action plans
- Publish and incorporate into Economic Recovery Plan
- Track scenario indicators, continuously adapt plan

## RECOVERY TIMELINE

Economic recovery, for our region and for individual sectors or businesses, can be divided into four stages: REACT, RESTART, RECOVER, and RESILIENCY. They are defined as followed:

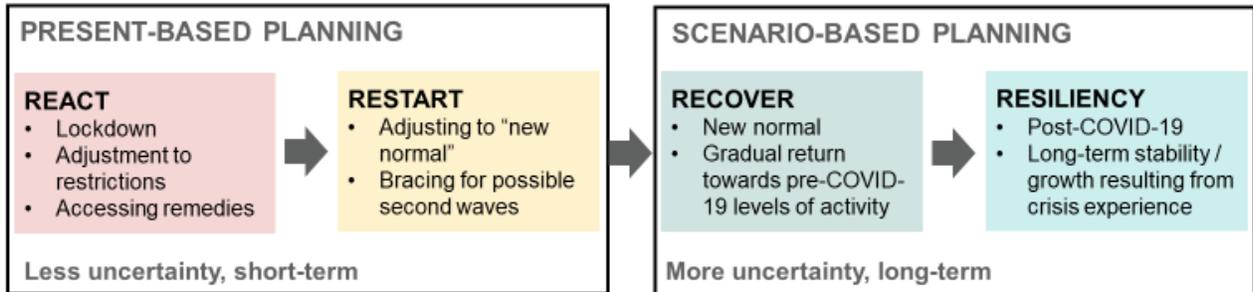
- **REACT:** Adjusting to lockdown conditions and new restrictions, accessing remedies, taking short-term and reactive actions. Priority is staying afloat.
- **RESTART:** Adjusting to new, more stable conditions that permit a certain level of business activity, while still relying on temporary remedies and preparing for potentially serious threats including new lockdowns. Priority is reaching a new steady state.
- **RECOVER:** A new steady state, or new normal, is sustainably achieved. Depending on the sector, this may represent a return to pre-COVID-19 levels of activity. Businesses may still be dealing with the impacts of downturn in other sectors or in the economy as a whole. Priority is long-term investments and changes to business model that enable success in the new normal.
- **RESILIENCY:** The benefits of investments and long-term changes made in the recover phase are felt. Whether as a result of these changes, or the end of the COVID-19 crisis as a whole, businesses become impervious to negative impact related to COVID-19. Priority is growth beyond the COVID-19 crisis.

### Benefits of scenario-based planning:

Provides framework for **managing the unprecedented uncertainty** posed by COVID-19. Supports **proactive decision-making** by identifying challenges, opportunities, and potential actions well in advance. Encourages a **holistic and collaborative approach** to planning that manages systems

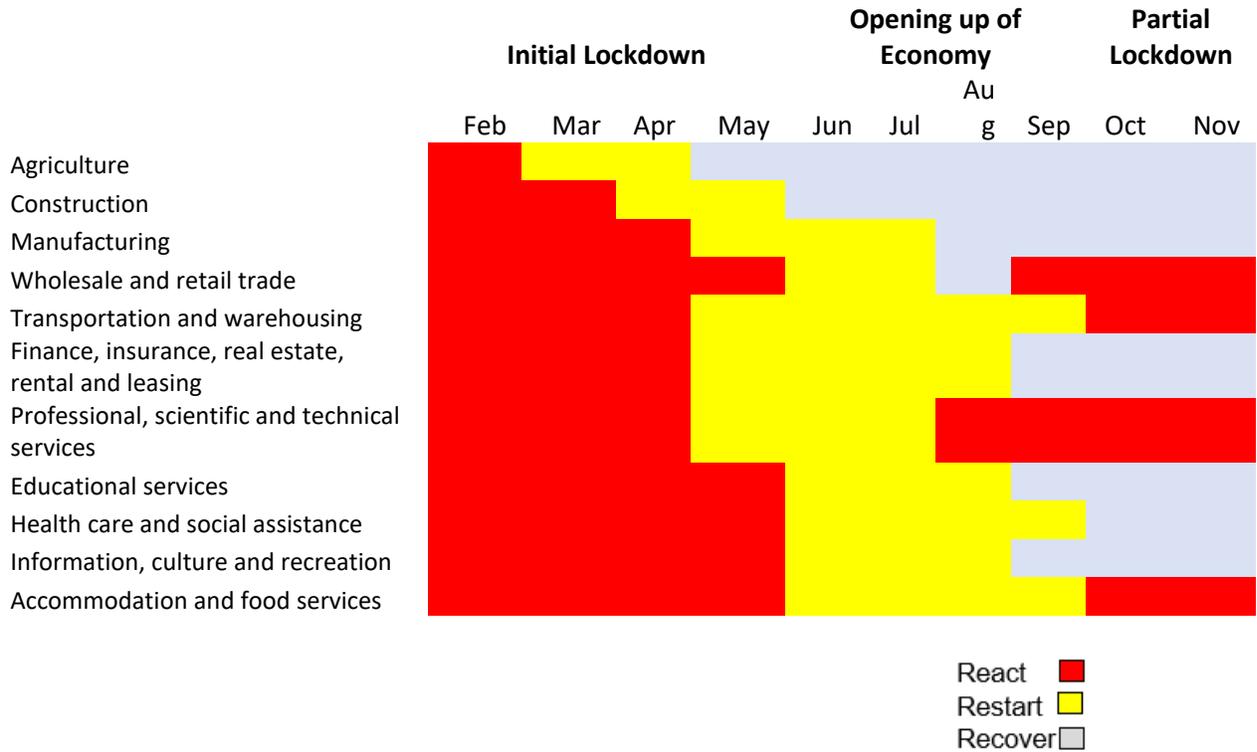
Through previous discussions with Workforce Planning Hamilton Committee members, we have identified and acted upon recommendations for the REACT and RESTART phases, which are

summarized in the next section of this document. While we continue to identify immediate challenges to overcome and opportunities to seize, the next step in developing a recovery plan is to begin planning for RECOVER and RESILIENCY phases, which could span from today to 3+ years into the future. Continued uncertainty about the progression of the COVID-19 pandemic as well as its long-term impacts on the global economy mean that a scenario-based approach is required to plan proactively for these stages of recovery.



Not every sector will progress through these stages at the same rate. As of December 2020, some may still be transitioning from REACT to RESTART, while others are entering the RECOVER stage. Below is a timeline of how key sectors in Hamilton have progressed through the crisis to date, based on our knowledge from discussions with local industry stakeholders.

The following chart attempts to show the timeline as best as possible for when the sectors went through the REACT, RESTART, and RECOVER phases. Some sectors with the onset of partial lockdown in Hamilton have re-entered the REACT phases. The evidence for this is from the employment statistics gathered from the Labour Force Survey, consultations and research. Employment statistics can clearly demonstrate was occurring in the economy as sectors initially lose workers, than there is a period of stalled employment and slow increases, followed by continued increase in employment relating to the recovery stage.



## THE PAST: The historical context of how far we have come

### Impacts we have already felt

The initial lockdown that went from March to the end of May affected Hamilton significantly in terms of job losses. From February to May, employment decreased by 45,900 jobs, a decline of 10.7%. The unemployment rate raised to 10.3%. There was not an increase in people entering the labour force in Hamilton as the LFPR and ER both declined to 62.1% and 55.7% respectively. The impact was also similar to Ontario. The labour force participation rate and employment rates in Hamilton actually did not fall as much as Ontario so Hamilton may have done better in the early phases but the second partial lockdowns it remain to be seen.

### Key Trends

- The pandemic has cause Hamilton unemployment rates to fluctuate drastically in 2020: 4.9% in February, 12% in June, and has only slowly decreased but still nearly double the rate it was in February.
- Women, low-skilled workers, and youth were most impacted by the pandemic
- The top industries in Hamilton showing the greatest job losses were: Healthcare and social assistance; Accommodation and food services; Information, culture, and recreation; and Wholesale and Retail trade



From the Restart and Recovery Survey which was a survey Workforce Planning Hamilton produced for the city of Hamilton's Economic Recovery Task Force in August showed a local economy devastated:

- Overall, 65% of employers said they were growing pre-pandemic, however, only 15% said they were growing during the pandemic. 2% of employers said they were declining before the pandemic began and that increased to 55% of employers reported declining business during the pandemic
- Employer comments indicated that if businesses are allowed to remain open and the economy continues to improve then businesses will be okay. Many businesses reported fear of a second lockdown and do not know how they could cope if this happens again. The businesses who reported or responded they were 'okay for the next 6 months' may not include those who have to go into a second lockdown. Many employers were thankful for government assistance and bank loans and in some cases employers said it was the difference between permanent closure and being able to stay a float
- 57% reported that childcare wasn't a concern for their employees
- 55% of employers reported they have enough PPE but not sure if they have enough for 6 months

## THE PRESENT: Impacts and actions in the short-term

### Impacts felt in Hamilton

At the time of this writing, Hamilton is in the Red Zone and approaching the Grey Zone. Stronger public health restrictions have been put in place which have affected many of the small business and food service companies. As the second has evolved many businesses in order to survive will need to adjust their businesses and use more government support. There may also be labour supply concerns as people are not looking for jobs for fear of the virus.

In January we will have a better idea of how this second wave is affecting local businesses as a joint employer survey developed by Workforce Planning Hamilton and City of Hamilton's Economic Development will get a snapshot of employers. However, from previous surveys and labour force research differences have emerged between sectors:

- The Manufacturing sector is the only sector to have grown since the start of the pandemic and some shortages already exist
- Construction reported somewhat of a steady experience through the pandemic with reports of 40% of employers stating they are staying the same
- Hamilton is well known for its restaurants, food and drink culture, and no employers from Accommodation and food service stated they were declining pre-pandemic, however 73% reported a decline during the pandemic



- Retail trade has been significantly hit by the closures as 75% of employers reported they were growing and no Retail trade employers reported a decline pre-pandemic however, 42% reported a decline in growth during the pandemic
- Transportation and warehousing has seen one of the largest employment decreases since the start of pandemic. 39% decrease since February
- Professional, scientific, and technical services, a highly skilled sector that was growing before the pandemic has now decreased by 22% since February

### Impacts we can anticipate through the RESTART phase

- Less in-store shopping
- More take-out rather than indoor dining
- Smaller group visits for an arts and culture events
- Possible store closures and loss of employment

### Existing, ongoing, and planned REACT and RESTART initiatives

Employers are more prepared for the react phase this time compared to March but some employers may need help adjusting their business online.

- Shifting to more online sales
- Tax payment deferrals
- Economic Recovery Task Force – recommendations created to help sectors in the coming months
- Better connections in the community with Service Providers and job seekers

### Ideas for additional REACT, RESTART, and early RECOVER initiatives

- Curbside pick-up
- Take-home kits. Businesses that normally would have people come in could sell products that people could take home. This could also be accompanied by an online tutorial



## THE FUTURE: A range of realities, impacts, and responses

Since the pandemic that started in March, Hamilton has managed relatively well compared to Ontario as a whole. Many sectors have been impacted, particularly small businesses. Even so, there have been some resilient sectors such as Manufacturing and Construction. Over the next two years the economy could take a number of different paths. Consultations and discussions in our community have helped give guidance to where, we think, the labour market may shift. These scenarios are outlined below. For all of these scenarios one thing is clear, for any recovery to take hold, investments in time and resources from all levels of government including local stakeholders coming together and co-operating will be required. All scenarios involve local re-training programs and coordination from multiple stakeholders.

From our consultations there were many positive remarks regarding re-skilling and re-training:

*“I believe people will adjust and obtain the required skills to re-enter into the workforce in the new working environment.”*

- Survey Respondent

*“Profound need for retraining and upskilling.”*

- Survey Respondent

*“Security of work and portability of skills to respond to change”*

- Survey Respondent

Re-skilling and re-training are where the biggest area for potential value-added growth and innovation can emerge from the business and employment changes driven by the COVID-19 pandemic. This is an opportunity for the community to work more closely together. Creating a Working Group of employers from the sectors most impacted (negatively or positively) could help inform the community of the training programs required and labour market information needed for job seekers.

It is important to mention that there are some of underlying concerns which appeared in the economy during the pandemic. These are uncertainties that the community mentioned and research has shown to be significant. For any of our scenarios to return to robust growth, these concerns will need to be mitigated. Any one of these could affect any of the potential scenarios and it is difficult to incorporate all of them into each but one should still pay attention to them. I will, throughout the report, refer to these in Box 1. Again, these are not the critical uncertainties that form our scenarios but still will be very important to track. These include:



### Box 1. Significant factors

- i) Debt concerns for households and businesses. For households there have been many concerns such as mortgage deferrals, and other debt being accumulated during the pandemic especially for households with job losses. For some businesses debt has accumulated from loans provided by the government and sales have been depressed
- ii) Inequality issues. Inequality has affected our economy in a number of ways but one clear illustration is through the job market. Certain occupations especially related to higher skilled and educated workers have been able to maintain employment while low skilled workers and entry-level workers have seen their jobs disappear. This is related to the 'K-shaped' recovery mentioned by economist as some sectors are growing while other are decreasing. Significant increases in economic inequality could undermine the recovery
- iii) Housing market crash. There was a concern with the housing market being overvalued which could create a crash in 2021 especially if job losses continue. This also connects to inequality as many Canadians are not able to afford homes and living expenses are becoming too high. Further it is pushing up debt levels. Real estate is a significant sector in the economy and a market crash would have implications across numerous sectors
- iv) Mental health issues. For many people there has been an increase in anxiety from the pandemic that relates to a number of sources such as: fear of the virus, concern over jobs and finances, burn-out including parents and health-care workers, prolonged lock-downs, etc. This could have major impact on the productivity levels of many Canadians
- v) Increase in inflation. This could be attributed to Canadians saving more and having more disposable income to spend. This may seem contradictory to the earlier issue of debt concerns for households, but this can be explained by the inequality of people's situations. For some households it has been easier to save, and these are people that have been able to remain working. If spending increases too much, inflation can occur which could impact the recovery as interest rate will need to increase to slow inflation which would impact the debt burden
- vi) Women being affected more by the job losses and loss of child care. The concern is not enough child care spaces are created especially if there are more lockdowns or that there are long-term 'scarring' affects from women being out of the labour force too long, which could lead to a deterioration of skills
- vii) Too much cut back in government and fiscal supports for individuals and businesses. The government needs to be able to balance the recovery by providing support but not too much that could create inflation or increase the government debt too much
- viii) Automation in the workplace. Many businesses may adjust the way they produce or sell their products, which could have a major impact on employment. Even if a recovery takes hold, if many of the entry-level or low skilled jobs become automatized, there could be an increase in unemployment

All these concerns in Box 1 will need to be monitored. For any recovery these will need to be alleviated or at least tempered. Some of the problems may naturally go away as the issue does not materialize and some will require public action. The following are the two critical uncertainties that will be main driving force for the possible scenarios.



## Critical uncertainties

### Critical Uncertainty #1: Prolonged virus resurgence

The virus's continued resurgence resulting in public health lockdowns is the top concern for most people that were consulted. It is the most uncertain factor as it is nearly impossible to determine how or when the virus will return, and with the ensuing public health restrictions it drastically affects the economy. Even with the onset of the vaccine there are concerns of a lingering virus and public health restrictions. The entire population being vaccinated may take over a year and there are issues of efficacy of the vaccine. There are still many unknowns and it unarguably has the greatest impact on the economy.

Indicators that could track this are:

- Active cases in Hamilton
- New cases in Hamilton
- % of population that is vaccinated
- Public restrictions colour zone

### Critical Uncertainty #2: Consumer behavioural/habit changes

This factor was one of the most selected among consultations for having a high impact on employment. It also is a factor that is outside our control in the aggregate and many economists are unsure of how consumers will act in the coming years. The behavioural changes can range from different shopping habits such as buying products online rather than in physical locations, to possibly spending less. With the loss in income for so many Canadians and issues with household debt there may be a drag on consumer spending for the long-term. Also, many Canadians may have gotten use to spending less during the pandemic, as the savings rate is higher, and this could drag on into the next year or so. Further, are people going to be returning to big events for arts and culture or will it be more digital? **The question is then how much will consumers return to their previous spending habits, and where will the spending be occurring?** Both can have dramatic impacts on our economy.

The reason consumer spending is so important and should be tracked is because of its importance in the economy. Consumer spending is the major driver of the economy and if consumers change their behaviour compared to before the pandemic, it could shift the economy into a new equilibrium. Even though some sectors are not directly affected by consumer spending, it can still have indirect affects on any sector because it signals how strong the recovery is.

Related to behavioural changes, is the labour supply. Will workers be comfortable going back to work during the virus, especially if it is resurging? Are there disincentives to working while the Canadian Emergency benefit is paid? Further, if someone has been unemployed for a long period of time, how easy is it for them to be employed again? These discussions will occur in the scenarios as best as possible but these specific concerns are difficult to predict. In regards to disincentives we are assuming that the government will be scaling back the benefits as the recovery starts taking hold and people will want to go back to work. This would also occur when

the virus is being suppressed and so people may feel more comfortable working in the public again. In regards to people losing skills from a long period of unemployment, this is where re-skilling and re-training is needed.

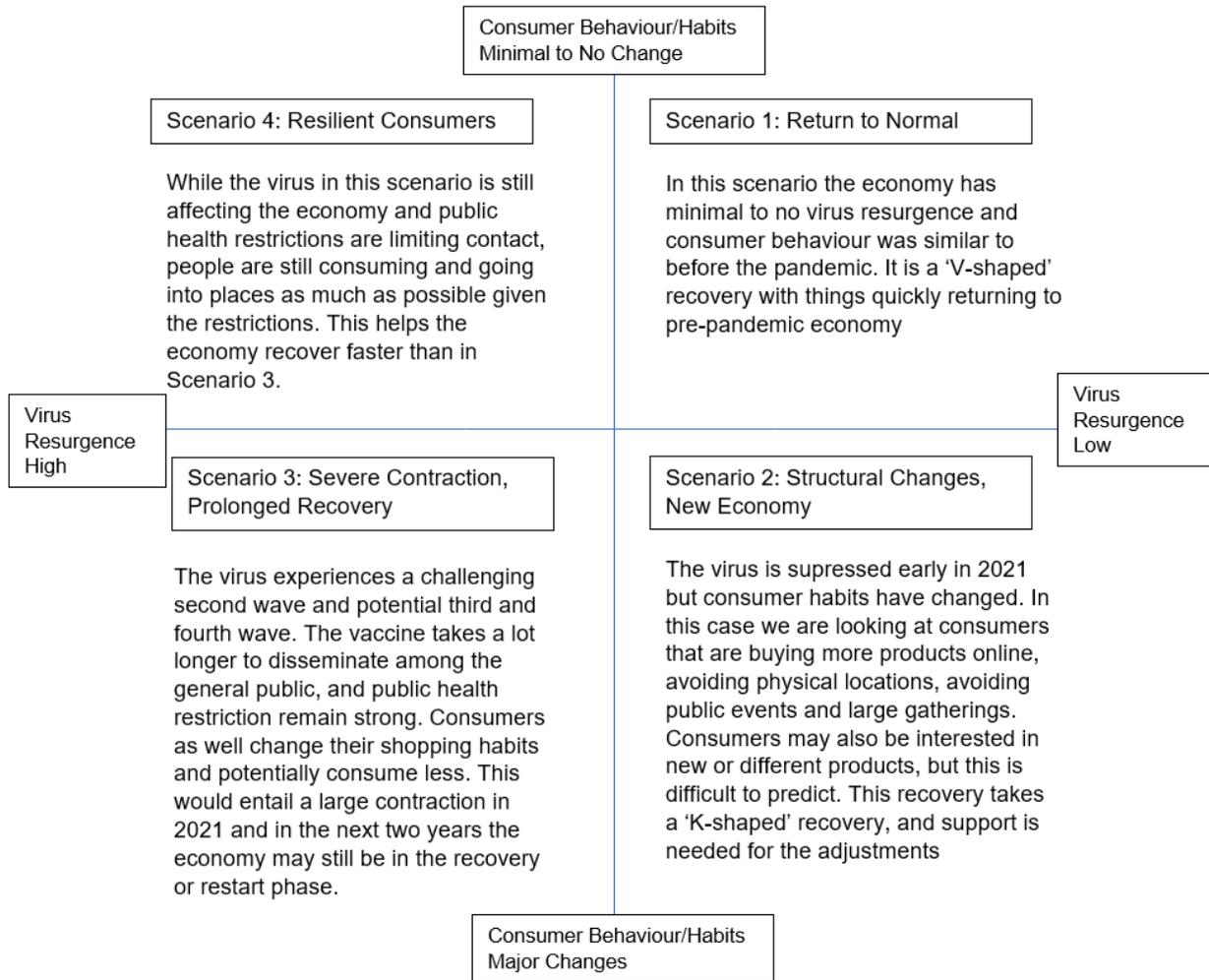
Overall, the virus's resurgence and consumer spending can be closely related, but over the next two years with the onset of the vaccine, consumer behaviour will eventually be its own push or pull factor in regards to the economy.

Indicators that could track this are:

- Monthly consumer spending statistics
- Retail trade; and Food services; Arts and culture sales
- % of shopping online
- Attendance in arts and culture festivities

### Scenario matrix

Based on the possible interactions between the two identified critical uncertainties, the **Workforce Planning Hamilton Committee** has drafted the four following scenarios:





## Four scenarios: in detail

### Please note the following:

- These scenarios **ARE**:
  - **Hypothetical narratives** that represent probable realities.
  - **Descriptive of the entire economy**, not just a specific sector. Within each of these scenarios, each sector will experience varying levels and types of impacts, contingent on the global evolution of the COVID-19 crisis, and also contingent on the impacts of other local sectors.
  - The **outcome of global and national trends that are beyond our control**. What would be within our control is how we, as a community, react to the challenges and opportunities that emerge in each scenario.
  - A **first version** of scenarios. They are meant to start a conversation about how Hamilton could overcome challenges and seize opportunities in each of these potential futures.
- These scenarios **ARE NOT**:
  - Predictions about the future. For now, we are not suggesting which of these scenarios is more likely.
  - Complete. We rely on community and industry partners to complete the image of what these possible scenarios might look like.
  - Final. We will adapt these as the situation evolves. Specific scenarios may be reformulated, ruled out, or added in the future.
  - Attributions of value or likelihood. We are also not suggesting which scenario is better than the other.
- **All scenarios present opportunities for growth**. Depending on the scenario, economic growth for the region is simply a matter of how, when, and in what activities.

It is important to note that Hamilton's Economic Recovery Task Force, which Workforce Planning Hamilton is a member of, also released a draft report with many recommendations. There is some overlap in recommendations with this project. Where goals align, Workforce Planning Hamilton reach out to members of the task force. For example, in the Manufacturing and Life Sciences Working Group, workforce challenges were a top concern, some of its recommendations related to this project are:

- Enhance and promote Job boards to support the needs of manufacturing and life sciences sectors
- Identify programs, resources and partners that City can support to enable postsecondary institutions (Mohawk, McMaster) to expand and build on both academic programs and short courses for industries that are experiencing labour shortages and skills gaps – i.e. training for not only current students as well as re-training of existing workforce<sup>1</sup>

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<sup>1</sup> Mayor's Task Force on Economic Recovery



## Scenario 1: Return to Normal

In this scenario there are minimal changes to consumer behaviour and a low resurgence of the virus which would entail minimal or no public health restrictions. In this case the pre-pandemic economy will return relatively quickly. Challenges that existed before the pandemic will re-appear as the dominate concerns such as the shortages and skills gaps that existed before. Meaning the recommendations would be comparable to that of the pre-pandemic community priorities.

It is important to mention that some underlying concerns that appeared in the economy during the pandemic will be need to mitigated. These are mentioned in Box 1 above. For the economy to return to normal with minimal to no virus resurgence and minimal to no consumer behaviour changes, a host of other concerns need to be addressed. One of the driving forces behind this is a return to consumer spending which would help jolt the economy, revive many of the existing businesses and help create new ones. Some of the problems mentioned in Box 1 either will not materialize or will be managed. For example, household debt will not hamper household spending and households will be able to find jobs and pay down debt. Consumers also return to spending the same as before and return to spending in physical locations. Additional there is a return to public events and support for the arts and culture sector.

### Current and Projected Skills Shortages

Many of the skill shortages would be similar to the pre-pandemic economy. In Hamilton these are high skilled workers in Manufacturing; Professional, scientific, and technical services; Health care and social assistance; Finance and insurance. Occupations related in this category are:

- Various skilled trade occupations
- Personal support workers
- Various occupations in Information and technology
- Financial advisors or customer service jobs in Finance and insurance
- Project managers and skilled trades workers in Construction

At the other end of the spectrum Hamilton also had issues with low-skilled workers or entry-level jobs, these include:

- General labourers
- Sales representatives. These are predominately found in both Retail trade, and Call-in centres



### **RECOVER Stage: January 2021 to July 2021**

The Recover stage would be shorter than other scenarios as the economy will start returning to normal soon with the onset of the vaccine. The first six months of the new year would likely be the recovery, with sectors preparing for the economy to return back to normal as the virus numbers continue to go down. Public health restrictions would start to minimize and consumers would slowly return to stores and spending.

The concern is how the businesses and sectors that have been greatly impacted by the lockdowns will do in the coming months. Under this scenario many will survive. Employment impact will also be minimal as the greatest damage from the pandemic will already have been felt. At this stage the local and broader economy is maintained and slowly increasing. With employment slowly increasing it will also help with stronger consumer spending.

One key player in this is the government being able to effectively withdraw support at the appropriate times so that it does not undermine the recovery. When employment is slowly returning and the virus cases are going down, the government being able to withdraw supports from people and businesses correctly will be vital to the success. Along with this the government can make other investments to help support the growth during the recovery phase. These are discussed in the recommendations below.

### **Early RESILIENCE stage: August 2021**

By the second half of the year the economy will start to rebound and start seeing robust growth. It is interesting to note that many of the forecasts from economists in Canada see strong growth in the later half of 2021. With the virus being suppressed and restrictions being lifted, consumers will return. Which not only helps current businesses but leads to an increase in investments further helping grow the economy, creating a virtuous cycle with positive feedback loop. The K-shaped recovery mentioned in Box 1 does not materialize and more of a V-shaped recovery takes hold supporting the majority of Hamiltonians.

This continues to lower the unemployment rate and robust job growth occurs. Of course, this does not happen right way, but over the year the economy will see strong growth each month. Supports for the local economy would need to be in place in the areas where the skills shortages were before the pandemic as they will re-appear.

### **Recommendations for businesses in this scenario**

- Discounts and sales to encourage shoppers. Making it as easy and safely as possible for to shop. For example, curbside pick-ups and take-home kits
- Find ways to sell products online



## Recommendations for new policies, investments, programs and supports

- Investment in mental health. This could involve more availability in psychiatrists or psychologists. Having mental health services readily available at work places, or being able to refer to appropriate places
- Investment in more childcare spaces
- Programs related to debt payments for household and businesses. Any programs that can prolong the payments or debt forgiveness would help with consumers and businesses being able to free up cash to support a robust recovery
- Continue supports for training programs that were established before the pandemic. These include Skills Advance Ontario, training programs established by Mohawk College. These programs are excellent for quick training programs that matches employers needs. It streamlines the training process as both service provider and employer help develop training programs that are needed. Training programs for the Manufacturing sector and Healthcare and social assistance sector would be appropriate as those are two vital sectors for the local economy. Soft skills training in any customer service work would be also be practical

## Scenario 2: Structural Changes, a New Economy

In this scenario, we have the virus suppressed but the consumers have changed many of their behaviours. In this case we are looking at consumers that are buying more products online, avoiding physical locations, avoiding public events and large gatherings. Consumers may also be interested in new or different products, but this is difficult to predict. In this scenario we assume that consumption levels are similar to before, only the habits change. Although the outcomes of the scenario are still similar consumption levels increase. Overall, people will be avoiding businesses where contact between people is common even if the virus is suppressed.

In this scenario, the K-shaped recovery will most likely be felt. Some sectors and occupations do well and grow while others falter or will need to re-invent itself. This scenario will need government supports but not in a broad way, it will need to be more targeted because only some businesses and sectors will need the help.

The changes will also impact businesses as automation will increase particularly in sectors most affected by the virus. Remote working most likely will be prevalent in this scenario too, related to changing habits. Therefore, workplaces will also change.

## Current and Projected Skills Shortages

Business that will be positively impacted are where the skills shortages will appear. This will most likely take a digital turn in the economy. Digital skills from various sectors will be emphasized as content, services, and work will be done more online. Some sectors particularly in the professional, scientific, and technical services will naturally benefit as more demand for consultants who specialize in technology will be needed for businesses to shift.

Also, some businesses that were already experiencing shortages during and before the pandemic that are not impacted by the consumer behavioural change will also see shortages. These include manufacturing, and healthcare and social assistance. It is also important to note that Amazon is building a large warehouse in Hamilton that will require hundreds of positions and labourers, in this scenario this demand will only increase. These occupations include:

- Various skilled trade occupations
- General labourer positions, either in Manufacturing or Warehousing jobs
- Personal support workers
- Various occupations in Information and technology
- Project managers and skilled trades workers in Construction

The sectors most likely to be impacted in this scenario are: Retail trade; Accommodation and food services; Finance and insurance; Hospitality; Arts and culture. Many of the jobs in these sectors will be impacted. Finance and insurance are also included because many jobs still exist in physical locations such as bank tellers which could be eliminated if more online banking occurs. Further automation could occur in these sectors. Robots and tasks being automated could increase because this is an opportunity for businesses to re-invent how they provide products and services and if margins are tighter there is more incentive to replace people with technology.

The major concern in this scenario is if there will be enough opportunities for the people that have been displaced. Will they be able to find jobs and transition in the new and growing businesses?

#### **RECOVER stage: January 2021 to March 2021**

The Recover stage is difficult to determine how long it will take exactly but once the vaccine is distributed and a wave of the virus doesn't occur again in the fall and winter of 2021 it would be safe to say the virus is suppressed and the recover is occurring. In this scenario consumers are starting to change their behaviours and many of the habits that started in the pandemic continue even after the virus is suppressed.

The businesses outlined above that will be impacted may be experiencing a decline during this period as they transition to a new environment. Job losses will occur in these sectors as new jobs will be created and need training for. The sectors outlined above that will see shortages will need help from the community to fill these jobs. Local training programs will be urgent and labour market information will need to be published to show where the growth areas are. In this scenario the local economy is adjusting and transitioning to a new economy.

#### **Early RESILIENCE stage: April 2022 and beyond**

In this stage the businesses and job seekers have realized where the growth opportunities are. Many businesses are growing and including the ones that were initially declining have transitioned

and are growing and hiring people again. In this growth scenario all the sectors are seeing employment growth and there will be enough jobs for people that became unemployed. As 2022 proceeds more opportunities become available and a robust growth will take hold. Having training programs available will be critical for the economy to adjust to the Resilience stage.

### **Recommendations for businesses in this scenario**

- For the sectors declining new business models will need to be created. Understanding what products and/or services they deliver and how to transform into the new economy is crucial
- Assessing the skills inventory of all the staff and do they have transferable skills for the new economy

### **Recommendations for new policies, investments, programs and supports**

- Re-training programs. In this scenario re-training is critical. It could be tax credits available for businesses to upgrade their staff. New training programs available that are provided by local stakeholders, this includes Skills Advance Ontario. Connecting with post-secondary institutions and creating flexible training programs that can be completed in shorter time periods would be very beneficial
- More timely labour market information (LMI) that also highlights the skills employers need. For employment service providers, job seekers, educational institutions being able to provide current skills and certificates needed from employers
- An employer led committee from many of the sectors affected, both growing and declining, would help in disseminating the skills gaps in the community. This can take various forms but it would help with identifying what training programs would be beneficial and what the LMI should look like
- Many of the recommendations in the previous scenario that dealt with the concerns in Box 1, still should be considered here: More childcare spaces; Mental health supports; business and household debt relief



### **Scenario 3: Severe Contraction – Prolonged Recovery**

In this scenario the virus case numbers surge and consumers shift their behaviours drastically. This could involve switching to more online shopping and consuming in places with less contact, and could mean less consumption overall. This may be because of the uncertainty of the virus, so people hold on to their money until things become more secure.

There could also be labour supply concerns in this scenario as people may be worried about working if the virus numbers are too high and the disincentives to work related to government support.

#### **Current and Projected Skills Shortages**

Thinking about skills shortages in this scenario is challenging in this case because many industries will be affected by the prolonged virus numbers and public health restrictions. Economic growth will slow and exports overseas would also slow.

The only shortages that could exist are from employers that need highly technical skills, particularly for the shift to more online work. These types of jobs are not easy for workers to transition into and therefore would require training and community supports.

#### **RECOVER stage: January 2021 to June 2022**

The recovery in this scenario would take much longer than any other. It would involve employers constantly adjusting to virus numbers and the slowing economy. Employers would need to be able change the way they sell their products and shift to more online. With profits being affected for a prolonged period, many business profits and revenue streams will be impacted.

Further labour supply shortages may appear as workers could be worried about returning to work if the virus numbers are too high, or the disincentives to work related to government support. The government will need to create programs that do not impede people who want to work; and support businesses with access to proper personal protective equipment for safe returns to work.

#### **Early RESILIENCE stage: July 2022**

The resilience stage will not occur until the virus numbers begin slowing down. This could bring us halfway through 2022 based on a resurging virus prediction. However, if the economy can shift to meet consumer demand, the economy can start to grow again, this would further increase consumption and a virtuous feedback loop can occur. Therefore, this requires employers and the community to be creative in finding ways to sell products and/or change the



way they produce items. With the latter, this includes businesses that manufacture products but require staff to work in a safer way. For example, this may involve changing the assembly process so workers are safely distanced.

Automation could also be a factor in this scenario as employers may need to do more with less workers. Investments in upgrades could be profitable and prudent especially with supports from the government. This would further require training for people.

Overall, to reach the resilience stage in this scenario, a shift needs to occur to meet consumer and labour supply needs. One clear priority is this scenario will involve more government spending to support businesses and households. This scenario requires the most fiscal support over the longest period of time.

#### **Recommendations for businesses in this scenario**

- Connecting with Chamber of Commerce and Economic Development to network and gain ideas for new revenue streams
- Research how to bring the business to an online environment
- Research new products your business could sell

#### **Recommendations for new policies, investments, programs and supports**

- More PPE will be required for businesses. A local distribution network for required PPE could keep stock of what businesses need and how much can be purchased through one source could be beneficial
- A network established to help certain businesses shift to more online
- Many of the recommendations in the previous scenario that dealt with the concerns in Box 1, still should be considered here: More childcare spaces; Mental health supports; Continued government assistance
- Training programs needed for large groups of workers as sectors may change completely
- Hamilton job board to show where the shortages are

### **Scenario 4: Resilient Consumers**

In this scenario the virus continues to be an issue for a prolonged period but consumers behaviours/habits do not drastically change and consumer spending remains strong. This allows the economy to shift from the recover to resilience stage quicker. This scenario is more of a transition scenario as the local economy remains resilient until the virus becomes minimized, at which point the economy could see robust growth. Strong government supports are needed in this scenario, but not to the degree seen in Scenario 3 as consumer spending helps maintain growth.

Public health restrictions will be put in place which will make it challenging for consumers to shop in physical locations, but the difference between this scenario and the previous one is



people will still be attending physical locations as much as possible and spending money. This includes arts and culture festivals, or travelling within the province which would help the hospitality and restaurants sectors. Online shopping will occur and increase but not to the level we can expect in Scenario 3 and 2 where habits change in a structural manner.

### Current and Projected Skills Shortages

In this scenario because consumer habits do not change drastically there are no major changes to the economy. The only shortages that would exist are from sectors that are doing well during this period and need people. These are places that are not as impacted by the lockdowns:

- Various skilled trade occupations
- General labourer positions, either in Manufacturing or Warehousing jobs
- Personal support workers
- Various occupations in Information and technology
- Project managers and skilled trades workers in Construction

If consumers return to their previous consumer habits this may also mean automation may not be as prevalent. Automation is a concern in the long run but can become a push during the pandemic as mentioned in Box 1. In this scenario we assume in the short-term automation does not occur to a large degree as the way things are consumed and produced remain the same.

### Mid RECOVER stage: January 2021 to December 2021

This stage will be longer than Scenario 1 and 2 because the virus continues to be resurgent in 2021 but shorter than in Scenario 3 because of strong consumer spending pushing the local economy into the resiliency stage.

Labour supply is not a major concern, people feel comfortable going to work and government supports are not a disincentive and in fact help with spending. The government draws back support in this stage earlier than in Scenario 3.

### Early RESILIENCE stage: January 2022

The resilience stage occurs sooner than in Scenario 3. It is difficult to predict when it could occur but it would be after a year of adjusting in the recover stage and the virus case numbers begin slowing down. The economy will start growing consistently with consumer spending remaining strong.

Many businesses will re-open including sectors that require physical locations. The difference between this Scenario and Scenario 1 is that the virus still lingers, while the virus goes away sooner in Scenario 1. This means that strong robust growth will not occur in this scenario over the next two years unlike in Scenario 1. In this case, there will be growth but new businesses

and strong employment gains will not be seen yet. However, businesses have adjusted to the new normal and remain resilient.

#### Recommendations for businesses in this scenario

- Discounts and sales to encourage shoppers. Making it as easy and safe as possible to shop. For example, curbside pick-ups and take-home kits
- Find ways to sell products online

#### Recommendations for new policies, investments, programs and supports

- More PPE will be required for businesses. A local distribution network for required PPE could keep stock of what businesses need and how much can be purchased through a centralized source
- Many of the recommendations in the previous scenario that dealt with the concerns in Box 1, still should be considered here: More childcare spaces; Mental health supports; Continued government assistance

## RECOMMENDATIONS

Overall, this project has raised a lot of thoughts regarding how best to handle the workforce during the pandemic. There is a lot of uncertainty in regards to the virus, and researching potential scenarios helps with planning for what the next few years may bring. It is clear that the pandemic has created massive disruption in the local economy and 'return to normal' looks highly unlikely. Even though one of the scenarios is titled 'Return to Normal', there still are community investments needed to help employers recover during the pandemic. Most likely Scenario 2 seems likely and this would require a shift to a new economy.

Therefore, one important initiative that needs to be created in 2021 is **setting up closer connections between all the stakeholders in the community**. The labour demand and supply of the labour market will most likely have structural challenges that require skills upgrading for many job seekers. Further, employers may be accelerating their plans for automation and the concerns of jobs and sectors becoming obsolete is real. A complete assessment of the skills employers require and skills in demand locally has become a key priority. Looking forward to the next decade, the labour market may experience drastic changes which have been accelerated due to the pandemic.

There are two elements that are required for a better connection of stakeholders in Hamilton's community. **The first is setting up a working group that is composed strictly of employers across multiple sectors**. This involves many of the key employers in the community but also smaller and medium sized businesses. This latter group is very challenging to connect with but do face some of the hardest barriers. Getting them to share their concerns is vital to better understanding our local labour market. Having meetings throughout the year which involve connection building is very valuable to workforce planning. This style of working group can be



organized in various ways including rotating members, but the ultimate goal is get information on what pressing workforce challenges they have, such as: skills shortages, training questions, labour shortages, retirement concerns, HR policies, etc. Ultimately, a lot of the feedback could be incorporated into local educational and training institutions. As mentioned above, this is an opportunity for re-training and re-skilling.

This leads to the second element, which is understanding the ecosystem of training and support already in place from multiple community stakeholders. Workforce Planning Hamilton is one stakeholder in a web of supports geared towards the demand and supply side of the economy. Our advantage is that we are a middle player in the community and can leverage our position to better connect everyone. We can identify what is needed in the community through the employer led working group and other work we do and connect to many of the programs available: City School; Mohawk College Apprenticeship Hub; Employment Service Providers and the various training programs provided to clients and employers; Service System Manager; City of Hamilton Economic Development; post-secondary institutions such as Mohawk College and McMaster University; Trades Unions; and many other stakeholders and initiatives under place. Further, the City of Hamilton has established an Economic Task force and recommendations have been given. Workforce Planning Hamilton could also take the lead in continuing the work with some of the working groups, such as Working Group 2: Manufacturing and Life Sciences. This group as mentioned above is very concerned with availability of qualified labour in Hamilton. This is a great opportunity for many stakeholders to work together on addressing Hamilton's workforce concerns.

Our community is going through drastic changes and the workforce will require better cooperation. With the second element, it requires a better understanding of what is available and connecting people and employers, while avoiding duplication. This pandemic has created a lot of hardships and challenges, it also provides a generational opportunity to push our workforce towards the skills required in the 21<sup>st</sup> century.



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## Box 1 - Evidence

- <sup>i</sup> *Bank of Canada warns of business, household debt*; Investment executive; May 14 2020  
<https://www.investmentexecutive.com/news/research-and-markets/bank-of-canada-warns-of-business-household-debt/>
- <sup>ii</sup> *Canada's 'K-shaped' recovery spans jobs, debt and housing*; Global News; October 17 2020;  
<https://globalnews.ca/news/7401376/jobs-debt-housing-k-shaped-recovery-canada/>
- <sup>iii</sup> *Macklem puts 'dangerously over-leveraged' Canadians on notice*; BNN Bloomberg; October 8 2020;  
<https://www.bnnbloomberg.ca/macklem-puts-dangerously-over-leveraged-canadians-on-notice-1.1505447>
- <sup>iv</sup> *Mental health in Canada: COVID and Beyond*; CAMH Policy Advice; July 2020; <http://www.camh.ca/-/media/files/pdfs---public-policy-submissions/covid-and-mh-policy-paper-pdf.pdf>
- <sup>v</sup> *Will COVID-19 Bring Back Inflation?*; Schroders Asset Management; Keith Wage; June 23<sup>rd</sup>, 2020;  
<https://www.schroders.com/en/bm/asset-management/insights/economic-views/will-covid-19-bring-back-inflation/>
- <sup>vi</sup> *Canadian Women Continue to Exit the Labour Force*; RBC Economics; Dawn Desjardins; November 19 2020; <https://thoughtleadership.rbc.com/canadian-women-continue-to-exit-the-labour-force/>
- <sup>vii</sup> *Liberals to spend \$100B to jolt post-pandemic economy after posting record \$381B deficit*; Globe and Mail; Kathleen Harris; December 1 2020; <https://www.cbc.ca/news/politics/freeland-fiscal-update-pandemic-spending-1.5819449>
- <sup>viii</sup> *Future of Job Report*; World Economic Forum; October 2020;  
<https://www.weforum.org/press/2020/10/recession-and-automation-changes-our-future-of-work-but-there-are-jobs-coming-report-says-52c5162fce/>