

# Public and Private Sector Job Growth in the Provinces during the COVID-19 Era

Ben Eisen, Evin Ryan, and  
Milagros Palacios



## Summary

- An analysis published by the Fraser Institute in 2022 broke down job-creation data from recent years to compare net job creation in the public and private sectors. That study found that nearly all net job creation from pre-pandemic levels had occurred in the public sector and that there had been minimal private sector job growth.
- This bulletin updates and extends that analysis by examining job market developments at the provincial level to June 2023, comparing the rate of job creation in the public and private sectors in each province.
- Net job growth in the public sector between February 2020 and June 2023 was 11.8 percent in the public sector and just 3.3 percent in the private sector (including self-employment).
- In all ten provinces, the rate of job growth was faster in the public sector than in the private sector, including self-employment. In four provinces, private sector net job creation expressed in this way was negative.
- The provinces vary widely in the extent of public and private sector job growth. Of the four largest provinces, British Columbia had the fastest rate of public sector job creation (22.6 percent) and the slowest rate of private sector job creation (0.3 percent), while Alberta had the lowest rate of government sector job growth (8.9 percent) and the fastest rate of private sector job growth (6.2 percent)

## Introduction

Some of the most commonly used economic indicators suggest the Canadian labour market has recovered entirely from the 2020 COVID-19 pandemic. The country's unemployment rate currently sits near historic lows (Statistics Canada, 2023a). Further, the employment rate has increased during the economic recovery to pre-pandemic levels.

An analysis published by the Fraser Institute in 2022 broke down job-creation data from recent years to compare net job creation in the public and private sectors (Eisen and Palacios, 2022).<sup>1</sup> It found that, despite a growing population, there had been minimal job creation in the private sector; nearly all net job creation from pre-pandemic levels had occurred in the public sector. In this bulletin, we update and extend that analysis by examining job market developments at the provincial level, once again comparing the rate of job creation in the public and private sectors in each province.

## Updating the Pan-Canadian Data

The earlier analysis by Eisen and Palacios (2022) showed that nearly all net job creation in Canada between the eve of the COVID pandemic and publication of the paper was the result of job gains in the public sector. Combined, private sector and public sector employment essentially was flat over the course of that period. Here, updating those findings, we achieve a generally similar result.

In spring 2020, with the onset of the COVID-19 pandemic, Canada's labour market suffered a brief but extraordinarily severe shock. Over just two months, from February to April 2020, total employment in Canada fell by over 3 million jobs, representing a contraction of 16.3 percent. The unemployment rate climbed from 5.7 to 13.6 percent.

Simple top-line labour market statistics frequently repeated by the media and politicians (for example see Trudeau, 2021) suggested that Canada's labour market had recovered from this shock quickly and almost entirely. Eisen and Palacios (2022), however, broke these data down further and identified a marked difference in the performance of the public and private sectors. They found that the increase between February 2020 and July 2022 in Canada's top-line employment numbers was driven largely by a 10.6 percent increase in public sector employment. By contrast, employment in the private sector (including self-employment) had grown by just 0.7 percent during that period.<sup>2</sup>

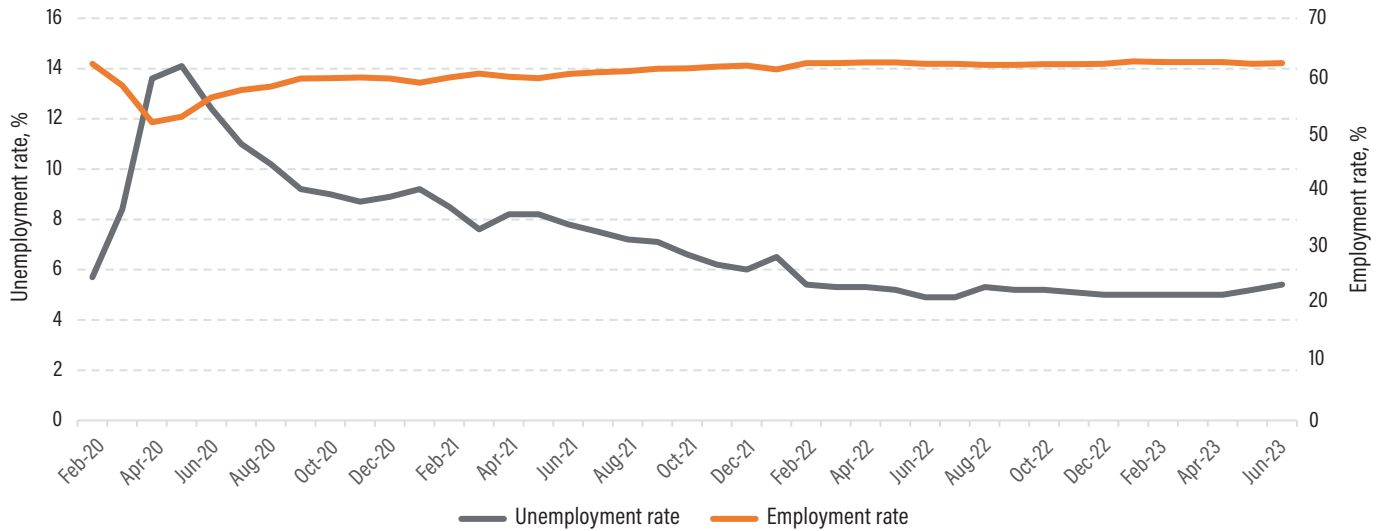
In updating these data, we compare the extent of net job creation in Canada in the public and private sectors from February 2020, on the eve of the COVID-19 pandemic's severe economic effect, through to June 2023, the most recent month for which data are available. Figure 1 shows the change in Canada's unemployment and employment rates over that period.

- 
- 1 Net job creation compares the number of additional jobs gained in the economy less the number of jobs lost. For brevity, we refer to net increases in total employment as "job creation" and the opposite as "job loss."
  - 2 Public employment growth between February 2020 and July 2022 differs from the original study since it has been updated by Statistics Canada. In Eisen and Palacios (2022), the increase in public sector employment was 9.4 per cent over that period. Meanwhile, the growth in private sector employment was 0.4 percent from February 2020 to July 2022.

In breaking down these data further, however, we see a continuing marked difference in the performance of the public and private sectors. That is, the earlier finding that net job creation in the public sector has greatly outpaced that in the private sector still holds. Over the period of analysis, net job growth in the public sector was 445,900, while the private sector (including self-employment) saw a net job increase of 503,500. Given that the public sector

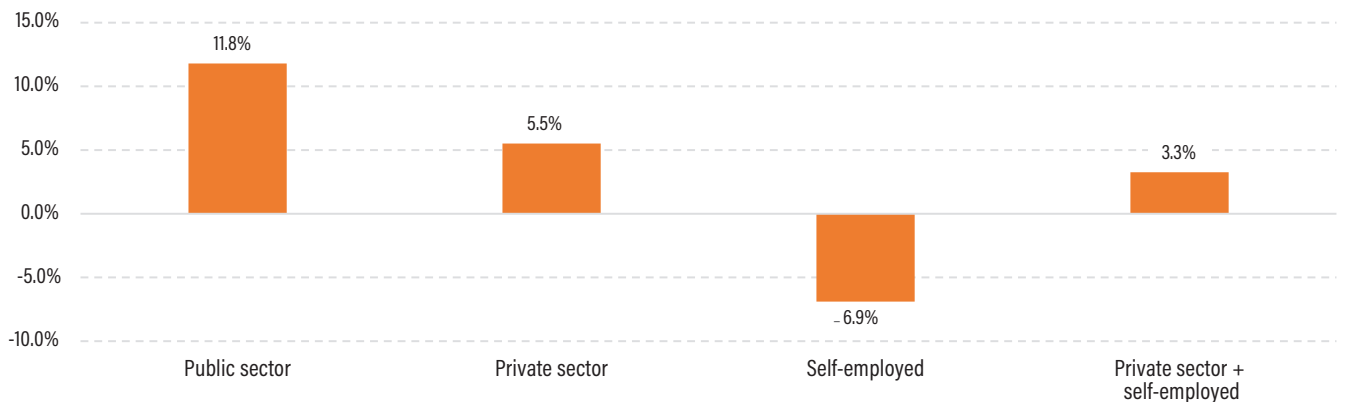
represents approximately 20 percent of the Canadian workforce, this means that the rate of net job growth (11.8 percent) in that sector was far higher than the 5.5 percent increase in the private sector; the number of self-employed actually fell by 6.9 percent. Combined, the number of jobs in the private sector including self-employment increased by just 3.3 percent during this period (see Figure 2). The rate of private sector job growth appears even weaker if we

Figure 1: Employment Rate and Unemployment Rate, Seasonally Adjusted, Canada, February 2020 to June 2023



Note: Employed persons includes full- and part-time workers.  
Source: Statistics Canada (2023a).

Figure 2: Total Change in Job Creation by Sector, Canada, February 2020 to June 2023



Sources: Statistics Canada (2023b); authors' calculations.

consider that this has been a period of rapid population growth in Canada and that the country’s population over age 15 increased by 4.8 percent over the same time. The result is that private sector employment as a share of total employment and of the adult population is falling.

## Private and Public Sector Job Creation at the Provincial Level

In this bulletin, we extend the analysis of private and public sector net job creation in Canada by examining trends at the provincial level during the same period. For this analysis (as above), we do not differentiate between different levels of government. Employees of provincial, federal, and municipal governments, as well as government business enterprises and other government-owned entities are included in the “public sector” category. The analysis for a specific province therefore does not analyze job growth at the provincial government level in that province, but, rather, public sector job growth overall within that provincial economy.

We begin with an overview of the data for all the provinces, before briefly examining specific noteworthy developments in specific provinces.

Table 1 shows that in six out of the ten provinces, there was more net job creation in the public sector than in the private sector, including self-employment. These six provinces are Newfoundland and Labrador, Prince Edward Island, New Brunswick, Quebec, Saskatchewan, and British Columbia.

As noted in the preceding section, however, the public sector represents just 20 percent of the Canadian workforce, and so it provides useful context in which to examine the net change in the number of jobs in the public and private sectors over the study period. As Table 2 shows, in all ten provinces, the rate of job creation was faster in the public sector than in the private sector (when self-employment is included; in four provinces, private sector net job creation expressed in this way was negative). There was, however, substantial variation across the provinces. Public sector job growth was fastest in Prince Edward Island (27.6 percent) and British Columbia

**Table 1: Total Changes in Job Creation by Sector, Canada and Provinces, February 2020 to June 2023**

	Public Sector	Private Sector	Self-employed (thousands of jobs)	Self-employed + Private Sector	Total Employment
Canada	445.9	697.3	-193.8	503.5	949.4
Newfoundland and Labrador	11.1	-2.3	0.8	-1.5	9.6
Prince Edward Island	5.8	-1.3	0.9	-0.4	5.3
Nova Scotia	7.5	11.7	7.8	19.5	26.9
New Brunswick	15.9	1.3	-2.9	-1.6	14.3
Quebec	71.8	113.5	-46.2	67.3	139.0
Ontario	159.2	379.8	-91.4	288.4	447.6
Manitoba	13.6	30.5	-16.7	13.8	27.4
Saskatchewan	19.3	15.4	-22.1	-6.7	12.7
Alberta	37.2	138.4	-20.7	117.7	154.9
British Columbia	104.4	10.3	-3.2	7.1	111.5

Sources: Statistics Canada (2023b); authors' calculations.

**Table 2: Job Creation by Sector, Percentage Change, Canada and Provinces, February 2020 to June 2023**

	Public Sector	Private Sector	Self-employed (percent change)	Self-employed + Private Sector	Total Employment
Canada	11.8%	5.5%	-6.9%	3.3%	4.9%
Newfoundland and Labrador	17.8%	-1.6%	4.4%	-0.9%	4.2%
Prince Edward Island	27.6%	-2.6%	8.7%	-0.7%	6.5%
Nova Scotia	6.8%	3.8%	15.1%	5.4%	5.7%
New Brunswick	18.4%	0.5%	-7.2%	-0.6%	3.9%
Quebec	7.6%	4.0%	-8.4%	2.0%	3.2%
Ontario	11.7%	7.6%	-8.0%	4.7%	6.0%
Manitoba	8.1%	7.4%	-19.1%	2.8%	4.1%
Saskatchewan	13.5%	4.6%	-22.6%	-1.5%	2.2%
Alberta	8.9%	9.1%	-5.7%	6.2%	6.7%
British Columbia	22.6%	0.6%	-0.7%	0.3%	4.2%

Sources: Statistics Canada (2023b); authors' calculations.

(22.6 percent). The slowest rate of public sector job growth among the large provinces was in Alberta, at 8.9 percent.

Private sector job creation rates also varied significantly from province to province. The fastest rate (including self-employment) was in Alberta, at 6.2 percent. Four provinces experienced negative private sector job growth (Newfoundland and Labrador, Prince Edward Island, New Brunswick, and Saskatchewan), while, of the four largest provinces, the slowest rate of private sector job growth was in British Columbia, at 0.3 percent.

The data in Tables 1 and 2 show that, although the rate of net job creation was greater in the public sector than in the private sector (including self-employment) in all ten provinces, the extent to which this was the case varied significantly from province to province. In the next section, we take a closer look at developments in the four largest provinces, which, together, constitute 80 percent of Canada's population.

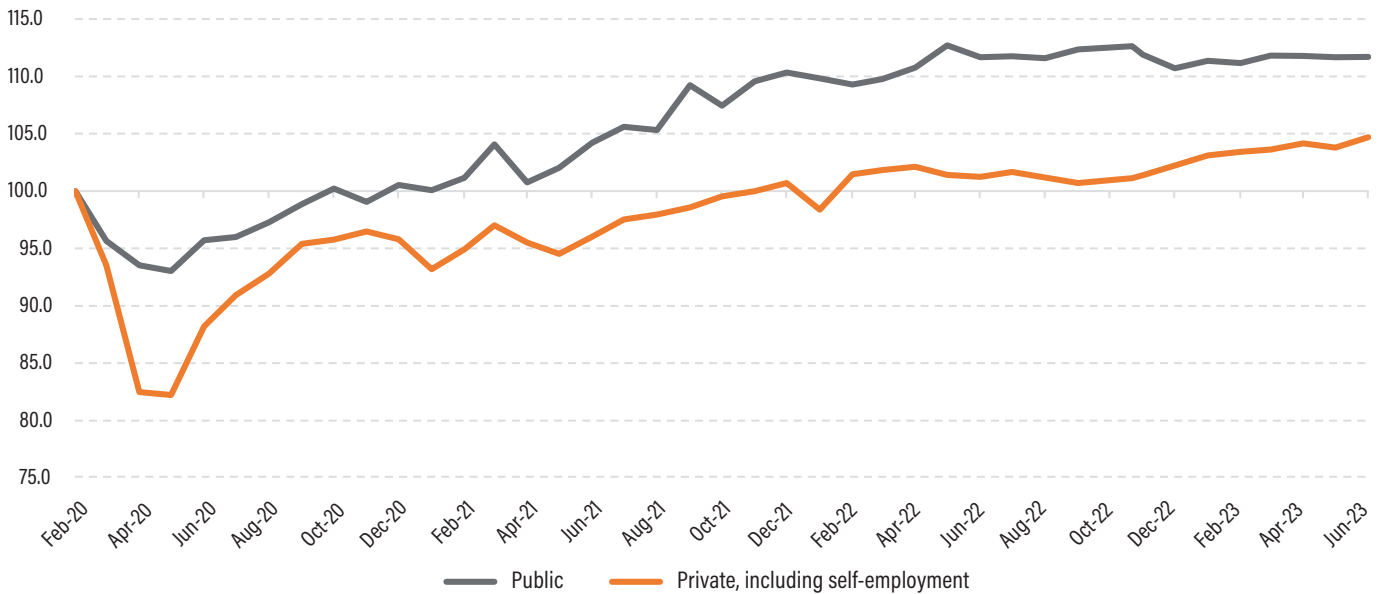
## Ontario

From February 2020 to June 2023, total employment in Ontario increased by 447,600, or 6.0 percent. Of this, 159,200 of the net job growth (35.6 percent) occurred in the public sector. As Table 2 shows, net jobs grew by 11.7 percent in the public sector, compared with 4.7 percent in the private sector (including self-employment). Figure 3 shows how employment in the private and public sectors has evolved in Ontario since the onset of the pandemic. Both private and public sector levels are indexed to 100 in February 2020 to allow for a more straightforward comparison of their rates of growth.

When the pandemic hit, the private sector suffered much steeper job losses than did the public sector. The private sector did rebound quickly in the subsequent months, but remained below pre-pandemic levels, and has since grown at a generally slower rate than has the public sector. The public sector's job losses at the outset of the pandemic were much milder and the recovery faster.



Figure 3: Public and Private Employment (including Self-employment), Ontario, February 2020 to June 2023 (index=100)



Sources: Statistics Canada (2023b); authors' calculations.

By December 2020, Ontario's public sector had recovered to pre-pandemic employment numbers, but jobs in the private sector did not reach pre-pandemic levels until late the following year, in November 2021. The combination of steep private sector job losses during the pandemic, slow recovery, and significant increases in public sector employment explain the divergence between the rate of change of public and private sector net employment (Figure 3).

## Quebec

From February 2020 to June 2023, total employment in Quebec increased by 139,000, or 3.2 percent. Of this, 71,800 (51.7 percent) of the net job growth occurred in the public sector. As Table 2 shows, net public sector jobs increased by 7.6 percent, but only 2.0 percent in the private sector (including self-employment). Figure 4 shows how private and public sector employment have evolved

in Quebec since the onset of the pandemic. Again, both private and public sector levels are indexed to 100 in February 2020.

The employment pattern for both the public and private sectors in Quebec was similar, as was the case for Ontario. When the pandemic hit, the private sector suffered much steeper job losses than did the public sector. The private sector rebounded in the subsequent months, but remained below pre-pandemic levels, and has grown only slightly since. The public sector's job losses at the outset of the pandemic were much milder and the recovery faster.

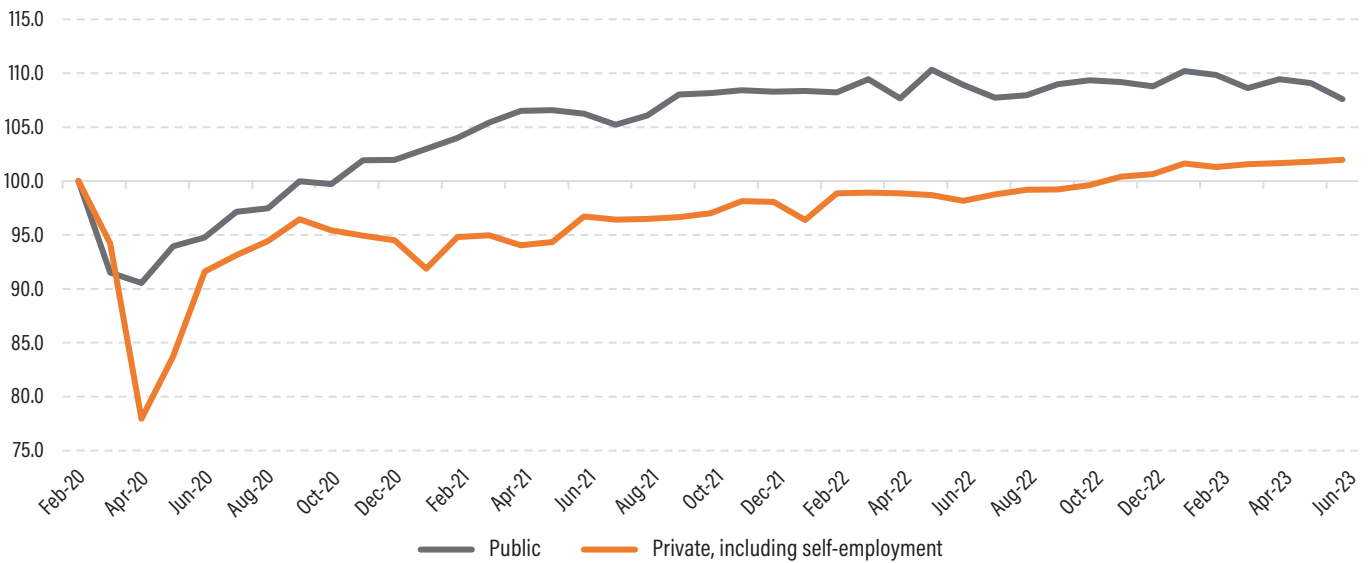
By September 2020, the public sector in Quebec had recovered to pre-pandemic employment numbers, but numbers in the private sector did not reach pre-pandemic levels until November 2022. As in Ontario, the combination of steep private sector job losses during the pandemic, slow recovery, and significant increases in public sector employment explain the divergence in growth rates of net employment shown in Figure 4.

## British Columbia

From February 2020 to June 2023, total employment in British Columbia increased by 111,500, or 4.2 percent. Of this, 104,400 (93.6 percent) of the net job growth occurred in the public sector. As shown in Table 2, net public sector jobs grew by 22.6 percent, compared

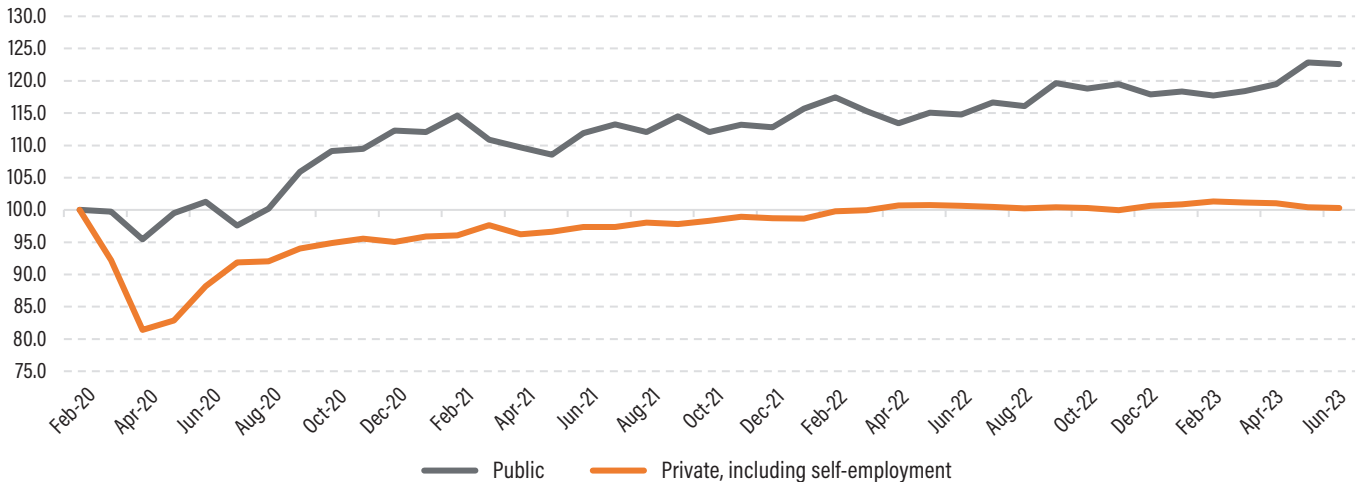
with 0.3 percent in the private sector (including self-employment). Figure 5 shows how private and public sector employment levels have evolved in British Columbia since the onset of the pandemic. Both sectors are indexed to 100 in February 2020.

Figure 4: Public and Private Employment (including Self-employment), Quebec, February 2020 to June 2023 (index=100)



Sources: Statistics Canada (2023b); authors' calculations.

Figure 5: Public and Private Employment (including Self-employment), British Columbia, February 2020 to June 2023 (index=100)



Sources: Statistics Canada (2023b); authors' calculations.

Developments in British Columbia have been meaningfully different than in Ontario and Quebec, with much faster public sector job growth and slower private sector job growth over this period. When the pandemic hit, the private sector suffered steep job losses, but there was no significant job loss in the public sector, falling to a low of 95.4 from the February 2020 index at 100. In the subsequent months, public sector employment in the province boomed, exceeding pre-pandemic levels by June 2020. Since then, public sector job growth has remained robust, reaching an increase of 22.6 percent from pre-pandemic levels by June 2023, by far the fastest rate of any large province.

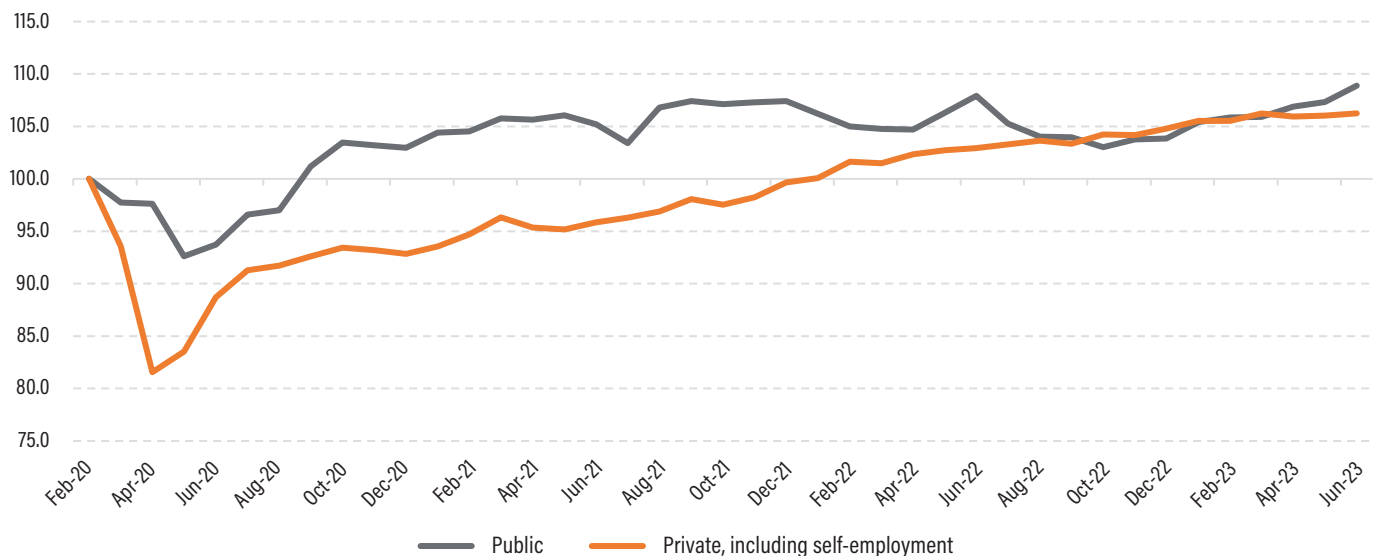
Private sector job recovery in British Columbia from the pandemic-related recession has also been much weaker than in the other large provinces. Like other provinces, British Columbia suffered a steep decline in private sector jobs in spring 2020, but the immediate recovery was much less strong and private sector job growth since then has been

weak. Private sector employment did not recover to pre-pandemic levels until March 2022, and there has been nearly no additional growth since then, resulting in an aggregate increase of just 0.3 percent in private sector employment since February 2020. British Columbia has had by far the weakest private sector job growth of the four largest provinces, as well as the most government sector job growth since February 2020.

## Alberta

From February 2020 to June 2023, total employment in Alberta increased by 154,900 jobs, or 6.7 percent. Of this, 37,200 of the net job growth (24.0 percent) occurred in the public sector. As Table 2 shows, net public sector jobs grew by 8.9 percent, compared with 6.2 percent in the private sector (including self-employment). Figure 6 shows how private and public sector employment levels have evolved in Alberta since the onset of the pandemic, with the two sectors indexed to 100 in February 2020.

Figure 6: Public and Private Employment (including Self-employment), Alberta, February 2020 to June 2023 (index=100)



Sources: Statistics Canada (2023b); authors' calculations.



2020 to allow for a more straightforward comparison of their rates of growth.

The shape of private and public sector job losses and recovery in Alberta is unique among the four largest provinces, and in the opposite direction of British Columbia. Alberta has had the slowest rate of job growth in the government sector and the fastest increase in private sector employment.

Like Ontario and Quebec, when the pandemic hit the private sector suffered much steeper job losses than did the public sector. Unlike those two provinces, however, Alberta saw a more rapid pace of private sector job growth in the months following the immediate rapid recovery period. Private sector employment reached pre-pandemic levels in January 2022, chronologically close to those in Ontario and Quebec, but has seen stronger growth since. As a result, Alberta's private sector job growth over the study period was 6.2 percent, significantly higher than any other large province.

Public sector job losses in Alberta at the outset of the pandemic were much milder and the recovery faster than in the private sector. At the same time, the growth of public sector employment in Alberta has also been much slower than in the other large provinces. The public sector quickly regained the jobs lost during the early months of the pandemic, returning to February 2020 levels by September of that year. Job growth in the public sector since then, however, has been comparatively muted. As a result, total job growth in the public sector from the eve of the pandemic to June 2023 was 8.9 percent.

The combination of faster private sector job growth after the recovery of early pandemic job losses in the private sector and slower growth in the public sector following the recovery of job losses in the early days of the pandemic explain Alberta's unique comparative trajectory for these two indicators. Unlike in the other large provinces, job growth in the private and public sectors in Alberta has been comparable over the study period.

### Conclusion

The rate of net job creation in Canada's public sector from the dawn of the COVID pandemic in February 2020 to June 2023 was much higher than in the private sector, confirming the finding of a Fraser Institute paper published in August 2022 (Eisen and Palacios, 2022). In extending that analysis to the provincial level, we find that all ten provinces have seen faster job growth in the public sector than the in private sector.

The extent to which this is the case, however, varies widely across the provinces, as shown by a more detailed examination of developments in the four largest provinces. Of particular note, British Columbia has had by far the fastest rate of public sector job growth and lowest rate of private sector job growth of the four large provinces. Conversely, Alberta has had the lowest rate of government job growth and the fastest rate of job growth in the private sector during this period.

## References

- Eisen, Ben, and Milagros Palacios (2022). Comparing Government and Private Sector Job Growth in the COVID-19 Era. Fraser Institute Research Bulletin (August). <<https://www.fraserinstitute.org/sites/default/files/comparing-government-and-private-sector-job-growth-in-covid-19-era.pdf>>.
- Statistics Canada (2023a). Table 14-10-0287-01. Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months. <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028701>>.
- Statistics Canada (2023b). Table 14-10-0288-01. Employment by class of worker, monthly, seasonally adjusted and unadjusted, last 5 months (x 1,000). <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028801>>.



### Ben Eisen

Ben Eisen is a senior fellow in Fiscal and Provincial Prosperity Studies at the Fraser Institute. He holds a BA from the University of Toronto and an MPP from the University of Toronto's School of Public Policy and Governance.



### Milagros Palacios

Milagros Palacios is the Director of the Addington Centre for Measurement at the Fraser Institute. She holds a BSc in Industrial Engineering from the Pontifical Catholic University of Peru and an MSc in Economics from the University of Concepción, Chile.



### Evin Ryan

Evin Ryan is a 2023 summer intern at the Fraser Institute's Addington Centre for Measurement. He is completing his Bachelor of Arts in Economics at the University of Windsor.

## Acknowledgments

The authors wish to thank the anonymous reviewers for their comments and suggestions. Any remaining errors or omissions are the sole responsibility of the authors. As the researchers have worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, and its supporters.

Copyright © 2023 by the Fraser Institute. All rights reserved. Without written permission, only brief passages may be quoted in critical articles and reviews.

ISSN 2291-8620

**Media queries:** For media enquiries, please contact our communications department via e-mail: [communications@fraserinstitute.org](mailto:communications@fraserinstitute.org); telephone: 604.714.4582.

**Support** the Institute: call 1.800.665.3558, ext. 574 or e-mail: [development@fraserinstitute.org](mailto:development@fraserinstitute.org)

Visit our **website:** [www.fraserinstitute.org](http://www.fraserinstitute.org)