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## Rural insights from the Canada Emergency Wage Subsidy: October 25, 2020 to January 16, 2021

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## Rural insights from the Canada Emergency Wage Subsidy: October 25, 2020 to January 16, 2021

The Canada Emergency Wage Subsidy (CEWS) program was implemented in March 2020 to help offset employers' revenue losses and to minimize job losses as a result of the economic effects of COVID-19.<sup>1</sup> Eligible employers were able to claim the wage subsidy for their employees in four-week intervals called CEWS claim periods.

Canada's second wave of the COVID-19 pandemic during the fall of 2020 led to various economic and health measures to curb the spread of the virus. This impacted the revenues of rural and urban<sup>2</sup> businesses to different extents due to differences in their economic environments.

To shed light on how businesses have used the CEWS program, Statistics Canada has updated a database containing key CEWS usage estimates at the regional and community levels to include the period from October 25, 2020 to January 16, 2021.<sup>3</sup>

### At a glance: key rural findings

From October 25, 2020 to January 16, 2021, businesses across the country received \$10.1 billion in payments, supporting an average of 4.18 million employees per CEWS claim period.<sup>4</sup>

During these 12 weeks, rural businesses received \$1.06 billion in CEWS payments, representing 10.6% of the national total. These subsidies supported 433,000 employees on average in rural areas. Urban businesses received over \$9 billion in CEWS payments, supporting an average of 3.75 million employees over the same timeframe.

Across all CEWS periods, rural businesses' share of both CEWS payments and the number of supported employees remained at approximately 10% of the nationwide totals.

On average, one out of six (17.5%) rural employees were supported by the CEWS program from October 25, 2020 to January 16, 2021. This compares with 22.0% for urban employees. Both rural and urban shares are an increase of approximately 3 percentage points compared to their average levels over the three previous CEWS periods.

Manufacturing, construction, and accommodation and food services received the largest shares of CEWS wage subsidies among all industries in both rural and urban areas. These three industries combined for 44.3% of CEWS payments to rural areas and 45.6% of the rural employees supported by the CEWS program. By comparison, these same three industries accounted for 37.1% of CEWS subsidies and 36.5% of employees supported in urban areas.

1. Canada Revenue Agency (2021). [Canada Emergency Wage Subsidy](https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html). <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>

2. This analysis defines *rural* as areas outside of Census Metropolitan Areas and Census Agglomerations, and urban areas as the inverse.

3. Statistics Canada (2021). [Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0](https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021002-eng.htm). <https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021002-eng.htm>

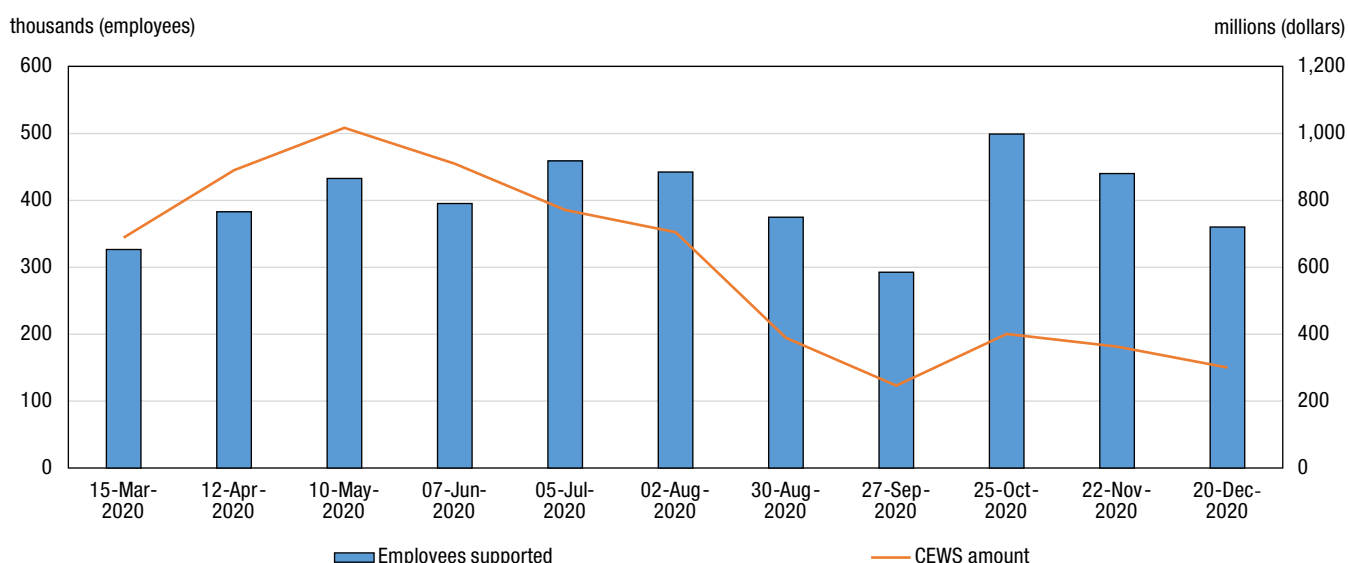
4. A CEWS claim period is the four-week period for which an eligible employer can claim the wage subsidy for their employees. In this analysis, *average* refers to the average over the three four-week CEWS claim periods from October 25, 2020 to January 16, 2021. For more information, see the [Canada Emergency Wage Subsidy website](https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html). <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>



## Pandemic's second wave prompted a second spike in CEWS payments and number of employees supported

Coinciding with the pandemic's second wave in Canada,<sup>5</sup> CEWS subsidies rose from \$2.6 billion in CEWS period 8 (September 27 to October 24, 2020) to \$3.7 billion in period 9 (October 25 to November 21, 2020), marking the first period-over-period increase since period 3 in early summer of 2020 (Chart 1). However, while subsidies remained well below the peak of May 2020, the number of supported employees rose. As a result, the CEWS program recorded the highest number of supported employees, 4.78 million employees, in period 9, of which nearly half a million were in rural areas. From October 25, 2020 to January 16, 2021, an average of approximately 433,000 rural workers were supported by CEWS, an increase of 17.1% compared to the previous three periods' average of nearly 370,000.

**Chart 1**  
Rural employees supported and CEWS payments to rural areas by CEWS period start dates, March 15 to December 20, 2020



**Note:** These figures are based on all approved CEWS claims as of June 7, 2021. Actual values may fluctuate as claims continue to be reassessed by the Canada Revenue Agency.  
**Source:** Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0.

## Over one-third of rural employees in accommodation and food services were supported by CEWS

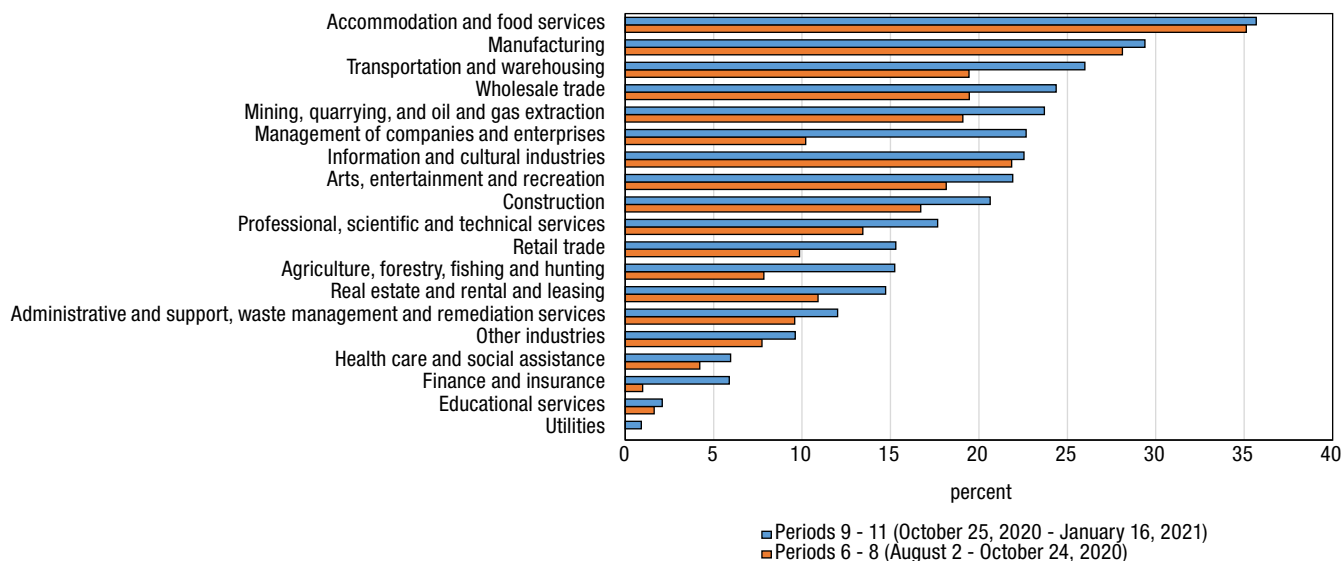
The CEWS program supported an average of 17.2% of all rural employees from October 25, 2020 to January 16, 2021. Over this timeframe, more than one-third of rural employees in accommodation and food services (35.7%) were supported by CEWS, followed by manufacturing (29.4%) and transportation and warehousing (26.0%). In comparison, 21.6% of all urban employees were supported for the same time period, with a higher proportion of urban employees supported than rural employees in all industries except transportation and warehousing, agriculture, forestry, fishing and hunting, and management of companies and enterprises.

5. Health Canada (2021). [COVID-19 daily epidemiology update](https://health-infobase.canada.ca/covid-19/epidemiological-summary-covid-19-cases.html#a4). <https://health-infobase.canada.ca/covid-19/epidemiological-summary-covid-19-cases.html#a4>



**Chart 2**

**Proportion of all employees within a rural industry that are supported by CEWS, by industry and three-period average**



Source: Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0.

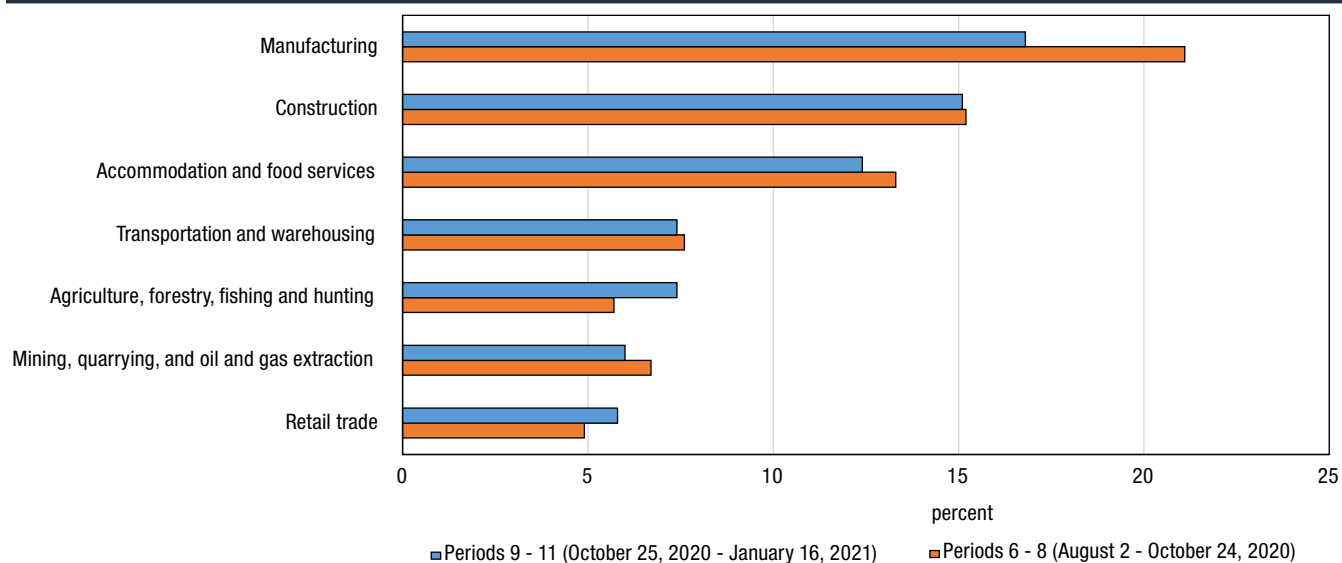
## Manufacturing has highest share of CEWS payments made to rural industries

Manufacturing continued to receive the largest share of CEWS subsidies among rural industries at 16.8% despite decreasing by over 4 percentage points compared to the previous three CEWS periods (Chart 3). Construction (15.1%) and accommodation and food services (12.4%) in rural areas had decreases of less than 1 percentage point in their shares over the same timeframe. The four industries of transportation and warehousing, agriculture, forestry, fishing and hunting, mining, quarrying and oil and gas extraction, and retail trade each received approximately 6.5% of CEWS payments in rural areas.



**Chart 3**

**Top seven rural industries' share of CEWS payments to rural areas by three period total**

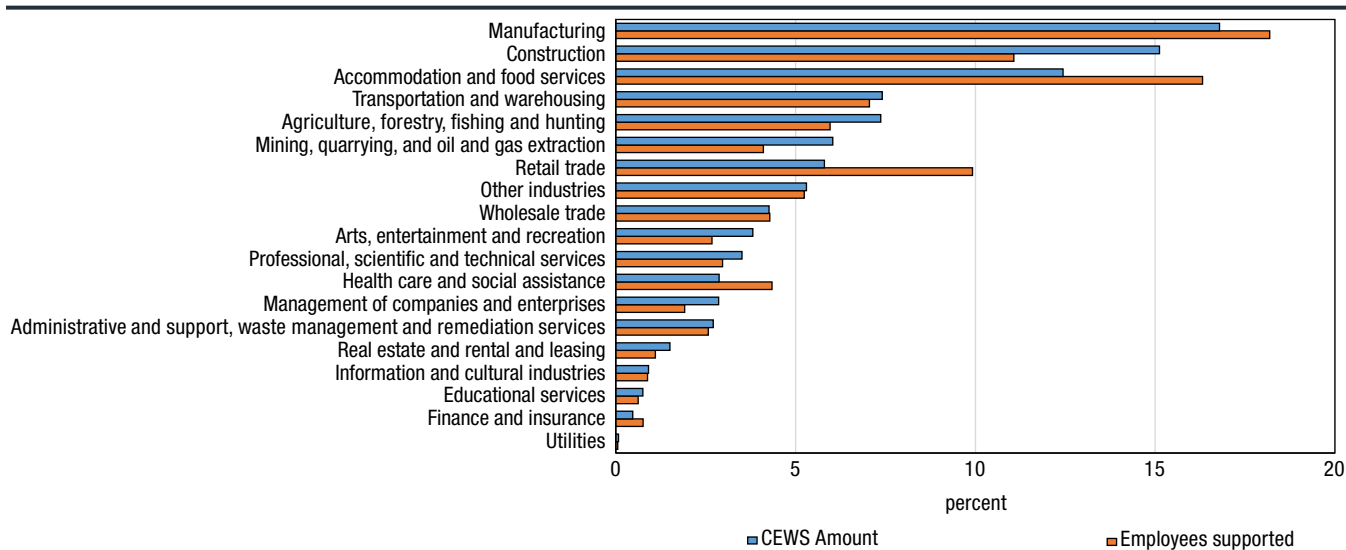


Source: Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0.

Of all the CEWS-supported employees in rural areas from October 25, 2020 to January 16, 2021, the largest shares were in manufacturing (18.2%), accommodation and food services (16.3%), and construction (11.1%; Chart 4). Rural employees in retail trade made up 9.9% of the total share of rural employees supported. For urban areas, accommodation and food services, manufacturing, and retail trade had the largest shares of employees supported at 14.7%, 13.1%, and 11.2% respectively.



**Chart 4**  
**Share of total rural CEWS subsidies and total number of rural employees supported by industry, October 25, 2020 to January 16, 2021**



Source: Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0.

## Quebec, Alberta, and Ontario received over two-thirds of all CEWS subsidies to rural areas, with urban workers more likely than rural employees to be supported by CEWS

From October 25, 2020 to January 16, 2021, Quebec, Alberta, and Ontario received the largest shares of total rural CEWS subsidies at 25.9%, 24.6%, and 17.9% respectively. These provinces also had the largest shares of CEWS supported employees in rural areas at 30.7% for Quebec, 19.1% for Ontario, and 19.0% for Alberta.

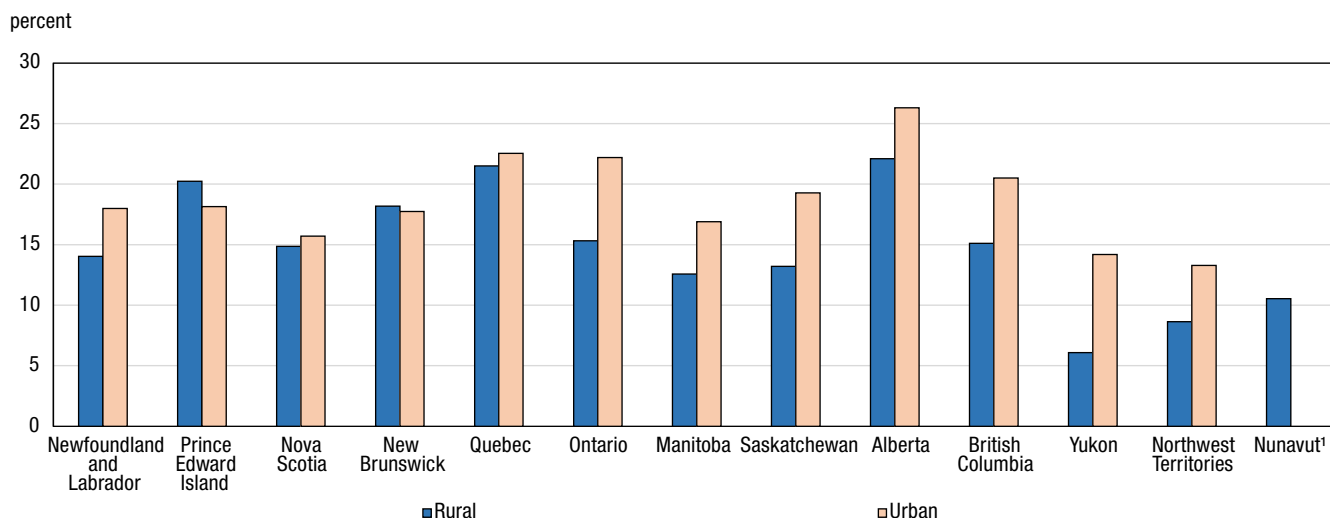
However, in ten provinces and territories<sup>6</sup>, a higher proportion of urban employees in each region were supported by CEWS than rural employees from October 25, 2020 to January 16, 2021. The largest urban-rural difference was in the Yukon, where more than twice as many urban employees were supported compared to rural (14.2% and 6.1% respectively). In comparison, only two provinces had a greater share of employees supported in rural regions than in urban regions, with smaller differentials. Of these, Prince Edward Island had the largest difference with 20.2% rural employees supported compared to 18.1% of urban workers.

6. Based on the definition used in this analysis, Nunavut has no urban areas and therefore was not included in this discussion.



**Chart 5**

**Average proportion of all employees in a province or territory supported by CEWS, by type of region, October 25, 2020 - January 16, 2021**



1. Due to this analysis's definition of *rural*, no areas in Nunavut were classified as urban.  
**Source:** Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0.

## Methodology

Figures in this analysis are based on Canada Revenue Agency microdata files containing all approved CEWS claims up to June 7, 2021. The total amount of CEWS claims and employees supported will fluctuate compared to the microdata files used in this analysis as claims continue to be reassessed by the Canada Revenue Agency.

The Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0<sup>7</sup> was created using Canada Revenue Agency's Canada Emergency Wage Subsidy (CEWS) microdata and linking these with Statistics Canada's Business Register.

Using the Standard Geographical Classification 2016 (SGC),<sup>8</sup> these data are available at the following geographical levels: Canada, province/territory, census metropolitan area (CMA), census agglomeration (CA), and census subdivision (CSD). A rural and urban breakdown at the Canada and provincial/territorial levels was also created. CSDs outside CMA/CAs were classified as "rural", while those inside CMA/CAs, as "urban". The database also contains breakdowns by industry sector (2-digit NAICS) and subsector (3-digit NAICS) levels.<sup>9</sup>

See the [Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0 metadata document](#) for more details on the database used in this analysis.<sup>10</sup>

7. Statistics Canada. (2021). [The Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0](https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021002-eng.htm). <https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021002-eng.htm>

8. Using Statistics Canada's Standard Geographical Classification (SGC) 2016, businesses located in either census metropolitan areas (CMAs) or census agglomerations (CAs) are classified as "urban" and all others as "rural". See [Standard Geographical Classification \(SGC\) 2016](https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/index). <https://www.statcan.gc.ca/eng/subjects/standard/sgc/2016/index>.

9. North American Industry Classification Standard (NAICS) is derived from Statistics Canada's Business Register. Industry sector and industry subsector names are those associated with the 2-digit and 3-digit NAICS codes. For more information see [Statistics Canada's Introduction to the North American Industry Classification System \(NAICS\) Canada 2017 Version 3.0 website](https://www150.statcan.gc.ca/eng/subjects/standard/naics/2017/v3/introduction#a2). <https://www150.statcan.gc.ca/eng/subjects/standard/naics/2017/v3/introduction#a2>

10. Statistics Canada. (2021). [Canada Emergency Wage Subsidy Regional and Community-level Database Version 2.0](https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021002-eng.htm). <https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021002-eng.htm>