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## A closer look at the Canada Emergency Wage Subsidy: a rural lens

March 15 to October 24, 2020

by Scott P. Bacon, Ash Munro, Peter Timusk and Haaris Jafri

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# A closer look at the Canada Emergency Wage Subsidy: a rural lens

March 15 to October 24, 2020

by **Scott P. Bacon, Ash Munro, Peter Timusk and Haaris Jafri**

Over the course of the COVID-19 pandemic, businesses have had to adapt to challenging circumstances that have affected their ability to earn revenue. The Canada Emergency Wage Subsidy (CEWS) program has provided wage subsidies to eligible employers.<sup>1</sup> Statistics Canada has recently released a database<sup>2</sup> containing key CEWS usage estimates at the regional and community levels covering March 15 to October 24, 2020.<sup>3</sup> Based on these data, this article studies the use of the CEWS program by businesses in rural areas.<sup>4</sup>

Approximately 220,000 employer businesses were in operation in rural areas in 2020, representing 16.9% of all Canadian employers.<sup>5</sup> About 1.9 million persons residing<sup>6</sup> in the country's rural areas were working as employees of businesses in 2020.<sup>7</sup> Rural areas feature a vibrant business ecosystem. Factors relevant to the business environment differ between rural and urban areas, including the regional industry mix, employment profiles, and remoteness from important services and amenities.

From March 15 to October 24, 2020, the CEWS program paid out a total of \$5.6 billion<sup>8</sup> to businesses in rural Canada, supporting an average of approximately 388,000 employees per CEWS claim period.<sup>9</sup> This represents approximately 10% of the total CEWS subsidies and about 10% of all employees supported by the program.

Nearly a quarter (23.7%) of subsidy amounts to rural industries were provided to manufacturing. The next largest shares of subsidy amounts were provided to the construction industry (13.6%), followed by accommodation and food services (10.0%). These industries were also the top three in rural areas in terms of the highest average number of employees supported, with respective shares of 21.5%, 11.6%, and 16.8% of the total in rural areas.

On average, subsidies transferred by the program supported one in six (15.8%) rural employees and one in five (20.1%) urban employees.<sup>10</sup> In terms of the percentage of employees supported over this time within each industry in rural areas, the impact varied by industry. The highest averages per period were in manufacturing (29.9%), accommodation and food services (29.8%), and mining, quarrying, and oil and gas extraction (24.5%).

1. Canada Revenue Agency. (2021). [Canada Emergency Wage Subsidy \(CEWS\)](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. Statistics Canada. (2021). [Canada Emergency Wage Subsidy Regional and Community-level Database, Version 1.0](https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021001-eng.htm). <https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021001-eng.htm>.
3. Canada Revenue Agency. (2021). [Canada Emergency Wage Subsidy \(CEWS\) – Periods you can apply for](https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-periods-apply.html). <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-periods-apply.html>.
4. 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", while those outside these regions, 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>.
5. Statistics Canada. (2020). [Table 33-10-0306-01, Canadian Business Counts, with employees, census metropolitan areas and census subdivisions, December 2020](https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310030601). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310030601>.
6. Some persons residing in rural areas may work for employers that are based in urban areas. Likewise, some persons who reside in urban areas are employed by employers based in rural areas.
7. Statistics Canada. (2021). [Table 14-10-0377-01, Employment by class of worker and industry, annual \(x 1,000\)](https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410037701&pickMembers%5B0%5D=1.1&pickMembers%5B1%5D=2.6&cubeTimeFrame.startYear=2019&cubeTimeFrame.endYear=2020&referencePeriods=20190101%2C20200101). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410037701&pickMembers%5B0%5D=1.1&pickMembers%5B1%5D=2.6&cubeTimeFrame.startYear=2019&cubeTimeFrame.endYear=2020&referencePeriods=20190101%2C20200101>.
8. Subsidy amounts refer to CEWS basic subsidy amount.
9. In this study, average refers to the average over the eight four-week CEWS claim periods from March 15 to October 24, 2020. For more information, see [Canada Emergency Wage Subsidy \(CEWS\) – Periods you can apply for](https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-periods-apply.html). <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-periods-apply.html>.
10. The denominator for this ratio is based on the counts of employees in January 2020 derived from Statistics Canada's Business Register.





In nearly every industry, the average share of employment supported by CEWS was higher in urban areas as compared to rural areas. These results align with those of the Canadian Survey on Business Conditions, which found that urban businesses were more likely than rural ones (57.4% urban, 45.8% rural) to have revenue decreases of 10% or more in 2020 in the majority of industries.<sup>11</sup>

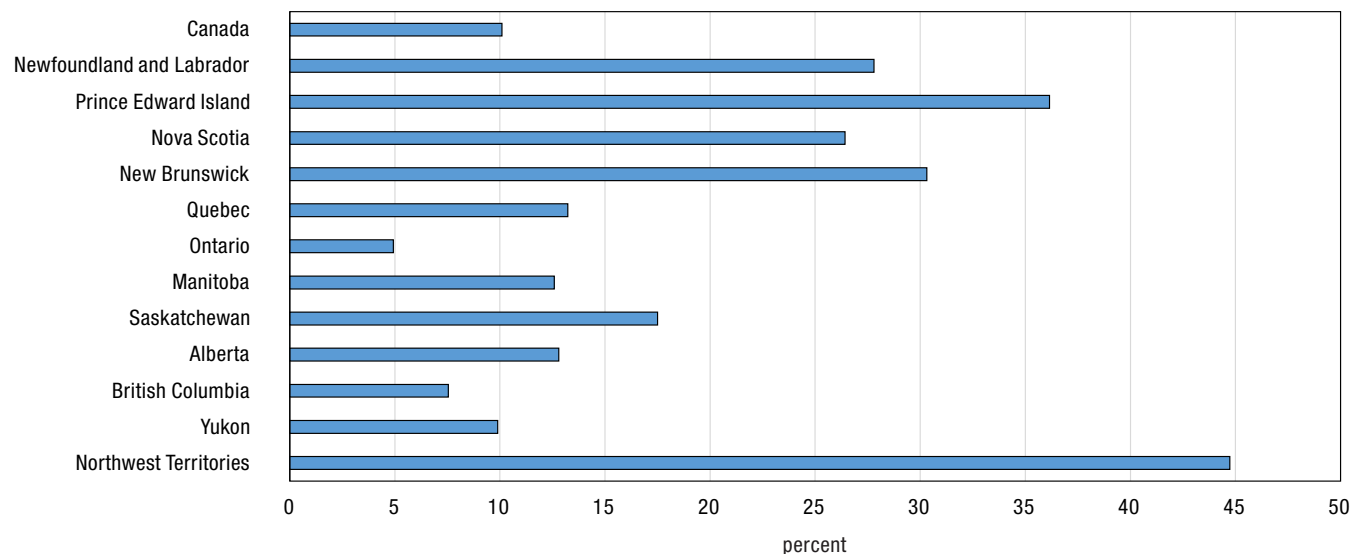
## Rural businesses accounted for 10% of all CEWS subsidies, with shares varying by region

Over the March 15 to October 24, 2020 period, the CEWS program provided wage subsidies of \$5.6 billion to support employers in rural areas, or 10.1% of the total value. These payments supported an average of about 388,000 employees in rural industries. By comparison, in industries in urban areas, over the same interval, the program disbursed subsidies of \$50.0 billion and supported an average of 3.4 million employees.

The share of subsidy amounts provided to rural businesses varied by region (Chart 1). Among provinces, rural business shares of CEWS ranged from a low of 4.9% in Ontario to a high of 36.2% in Prince Edward Island. Among territories, shares of CEWS were 9.9% in Yukon and 44.7% in Northwest Territories.<sup>12</sup> The shares to rural businesses were higher among the Atlantic provinces than the other provinces.

**Chart 1**

**Average share of total CEWS subsidies provided to rural businesses, by province/territory (except Nunavut),<sup>‡</sup> March 15 to October 24, 2020**



<sup>‡</sup> based on the definition used in this analysis, Nunavut has no urban areas. As a result, all of its subsidies are classified as rural.

Source: Statistics Canada. (2021). Canada Emergency Wage Subsidy Regional and Community-level Database, Version 1.0.

11. Statistics Canada. (2021). [Outlook of rural businesses and impacts related to COVID-19, first quarter of 2021](https://www150.statcan.gc.ca/n1/pub/45-28-0001/2021001/article/00015-eng.htm). <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2021001/article/00015-eng.htm>.

12. Based on the definition used in this analysis, Nunavut has no urban areas. As a result, all of its subsidies are classified as rural.

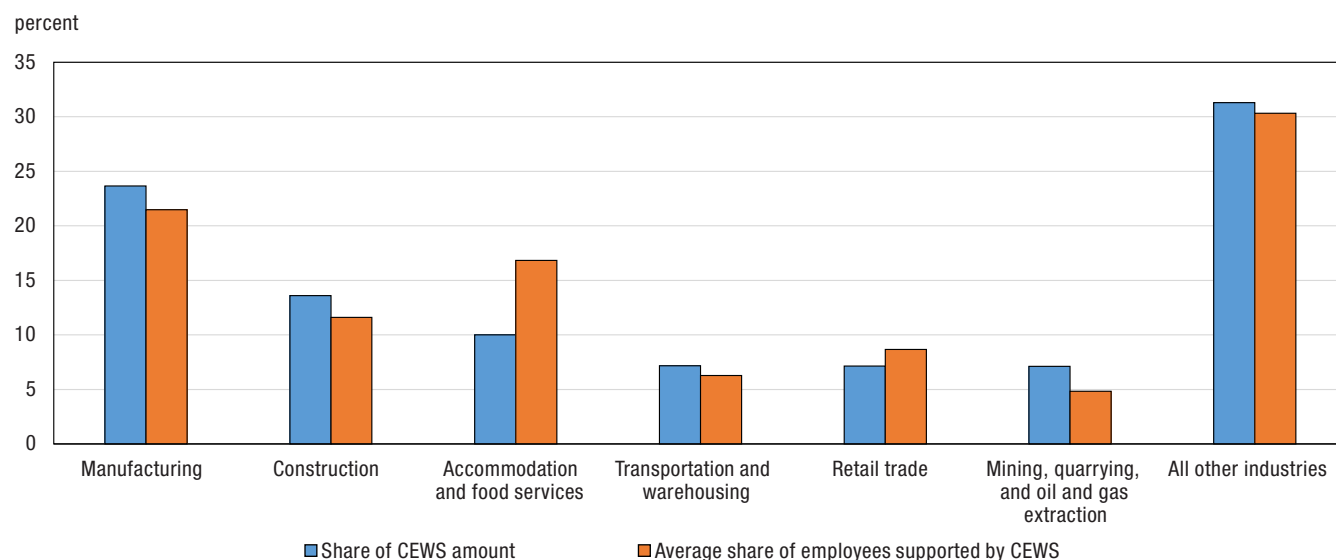


## Nearly one-fourth of total CEWS subsidies in rural areas were provided to the manufacturing industry

Among rural industries, the largest amounts of subsidies were in manufacturing, construction, and accommodation and food services. These industries made up 23.7%, 13.6%, and 10.0%, respectively, of the \$5.6 billion total amount for rural subsidies (Chart 2). The transportation and warehousing, retail trade, and mining, quarrying and oil and gas extraction industries were the next largest recipients of CEWS subsidies, with a share of about 7% each.

Similarly, in terms of the average number of employees supported in rural businesses, the highest values were in manufacturing (21.5%), accommodation and food services (16.8%), and construction (11.6%) (Chart 2). While the CEWS subsidy amounts provided to construction are higher than the amounts provided to accommodation and food services, the latter has a higher share of the total number of supported employees in rural areas. The wages in construction are typically higher than in accommodation and food services, making for larger subsidy amounts even though the number of employees is smaller.<sup>13</sup>

**Chart 2**  
**Top six rural industries by share of total CEWS subsidy amounts received and average share of total employees supported by CEWS, March 15 to October 24, 2020**



Source: Statistics Canada. (2021). Canada Emergency Wage Subsidy Regional and Community-level Database, Version 1.0.

13. Statistics Canada. (2021). [Table 14-10-0064-01, Employee wages by industry, annual](https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410006401). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410006401>.

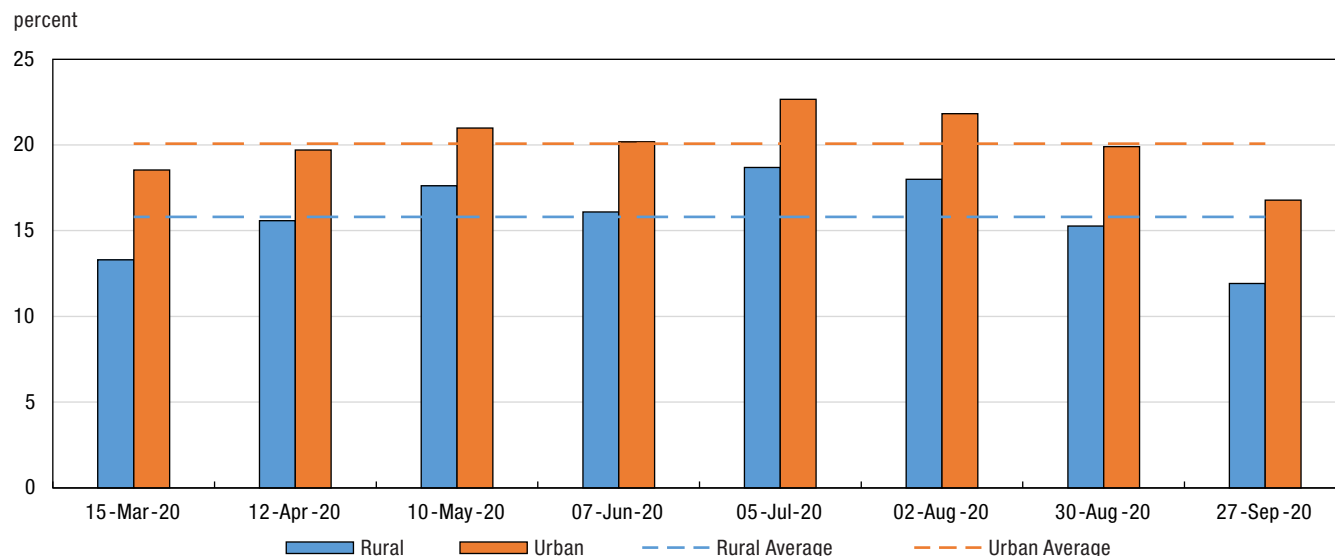


## CEWS supported an average of nearly one in six rural employees

CEWS subsidies supported an average of one in six (15.8%) rural employees and one in five (20.1%) urban employees.<sup>14</sup> In each of the eight periods, a greater share of urban employees was supported by the program than rural employees (Chart 3).<sup>15</sup>

The highest percentage of employees supported in rural areas was in the period beginning July 5, 2020, at 18.7%, while the lowest, at 11.9%, was in the period that began September 27, 2020. The highest and lowest shares of employees supported among industries in urban areas were 22.7% and 16.8%, respectively, and coincided with those in rural areas. These trends correspond with the easing of lockdown measures as the first wave of the pandemic ran its course, the gradual reopening of businesses, and the buildup of employment in many industries that went with it.<sup>16</sup>

**Chart 3**  
Percent of employees supported in rural and urban areas per period, by start of CEWS claim period



**Note:** The averages above are shown for the eight four-week periods in the database.

**Sources:** Statistics Canada, Business Register (BR) and Canada Emergency Wage Subsidy Regional and Community-level Database, Version 1.0.

The highest shares of supported employees in rural businesses were in Prince Edward Island (22.3%), Quebec (19.2%), and Alberta (18.5%), while in urban areas, these shares were greatest in Alberta (23.5%), Quebec (21.0%), and Ontario (20.2%) (Chart 4).

Notably in the three Atlantic provinces of Prince Edward Island, Nova Scotia, and New Brunswick, a greater share of rural rather than of urban employees were supported by CEWS.

14. This aligns with the results of the [Canadian Survey on Business Conditions \(CSBC\), first quarter 2021](#), which show that the proportion of businesses reporting revenue decreases of 10% or more in 2020 was 11.6 percentage points lower in rural regions across all industries.

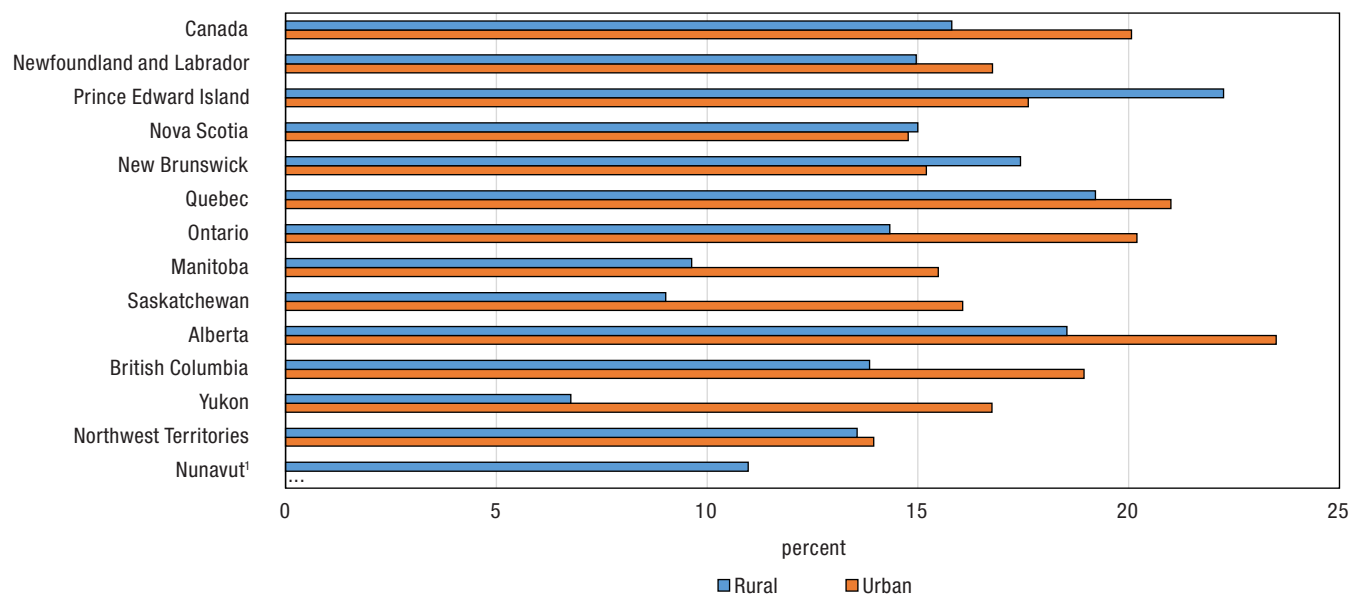
15. The denominator for this ratio is based on the counts of employees in January 2020 derived from Statistics Canada's Business Register.

16. Statistics Canada. (2021). "COVID-19 in Canada: A One-year Update on Social and Economic Impacts" A Presentation Series from Statistics Canada About the Economy, Environment and Society, Catalogue no. 11-631-X. <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2021001-eng.htm>.



**Chart 4**

**Average shares of employment supported by CEWS, by province/territory, March 15 to October 24, 2020**



1. Nunavut does not have any urban areas according to the definition used in this study.

Sources: Statistics Canada, Business Register (BR) and Canada Emergency Wage Subsidy Regional and Community-level Database, Version 1.0.

## In rural areas, the largest shares of supported employees within an industry were in manufacturing and accommodation and food services

The average share of employees supported by CEWS varied by industry (Chart 5). In rural areas, the highest proportions of employees supported by CEWS within an industry were in manufacturing (29.9%), accommodation and food services (29.8%), and mining, quarrying, and oil and gas extraction (24.5%).

The manufacturing, accommodation and food services, and mining, quarrying, and oil and gas extraction are among the industries with the lowest telework capacities.<sup>17</sup> In the face of lockdowns and physical distancing requirements, a greater share of employees in these industries would be unable to work than those in many other industries.

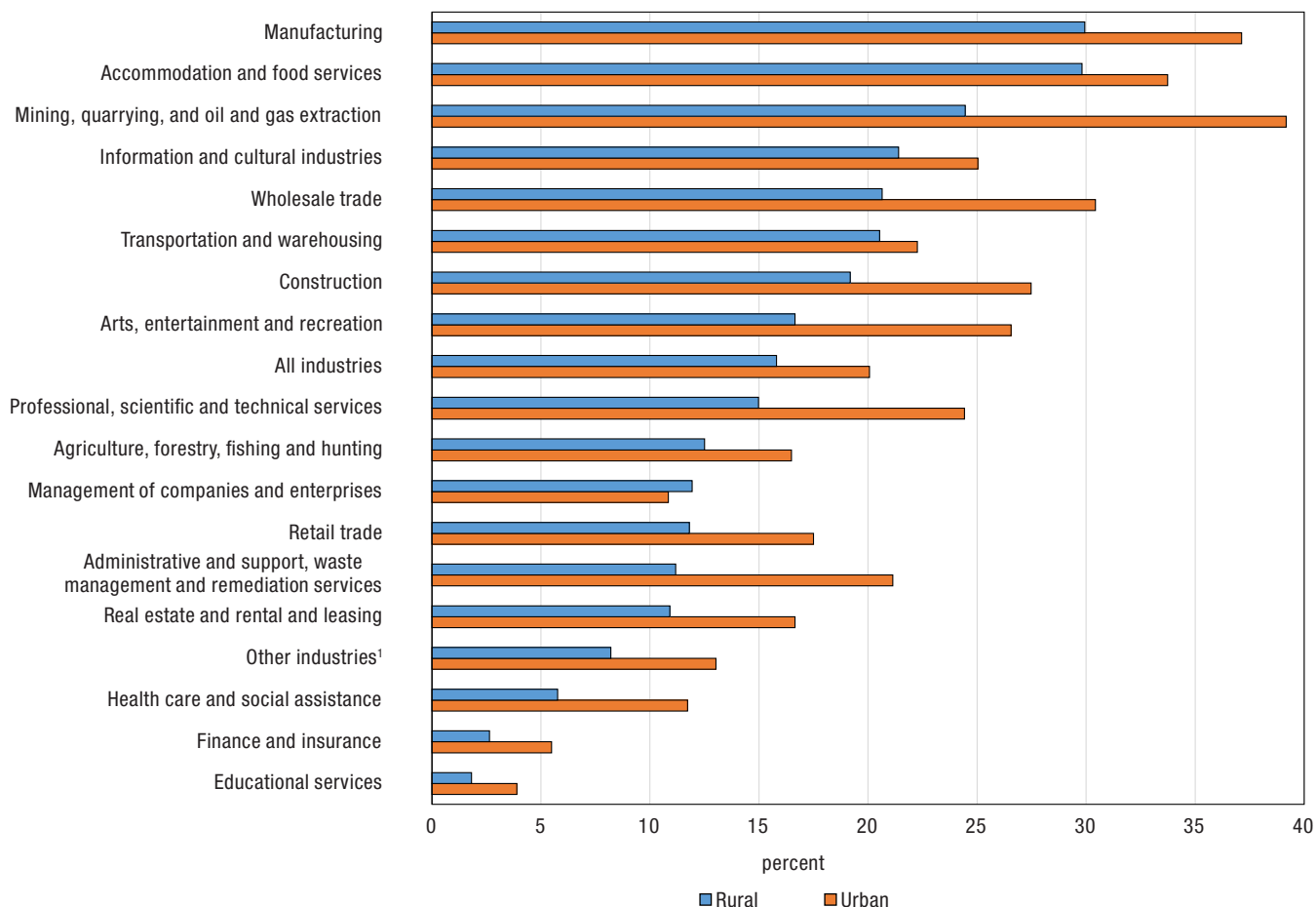
The average share of employees supported by CEWS was lower in industries in rural areas compared to their counterparts in urban areas, with the exception of the management of companies and enterprises industry.

17. Statistics Canada. (2021). "COVID-19 in Canada: A One-year Update on Social and Economic Impacts" A Presentation Series from Statistics Canada About the Economy, Environment and Society, Catalogue no. 11-631-X. <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2021001-eng.htm>.



**Chart 5**

**Average share of CEWS supported employees within an industry, by industry, March 15 to October 24, 2020**



1. Includes other services (except public administration), public administration, and businesses for which industry could not be determined.

**Note:** Figures for the utilities industry have been suppressed to protect confidentiality; however, they are included in the All industries figure.

**Sources:** Statistics Canada, Business Register (BR) and Canada Emergency Wage Subsidy Regional and Community-level Database, Version 1.0.

## Methodology

The Canada Emergency Wage Subsidy Regional and Community-level Database<sup>18</sup> was created using Canada Revenue Agency’s Canada Emergency Wage Subsidy (CEWS) microdata and linking these with Statistics Canada’s Business Register. This database covers CEWS periods beginning on March 15, 2020 and ending on October 24, 2020.

18. Statistics Canada. (2021). [The Canada Emergency Wage Subsidy Regional and Community-level Database](https://www150.statcan.gc.ca/n1/en/catalogue/11260003). <https://www150.statcan.gc.ca/n1/en/catalogue/11260003>



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Using the Standard Geographical Classification 2016 (SGC),<sup>19</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>20</sup>

See the Canada Emergency Wage Subsidy Regional and Community-level Database online metadata for more details on the database used in this study.<sup>21</sup>

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19. 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>.

20. 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](#).

21. Statistics Canada. (2021). [Canada Emergency Wage Subsidy Regional and Community-level Database](https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021001-eng.htm). <https://www150.statcan.gc.ca/n1/pub/11-26-0003/112600032021001-eng.htm>

