

## Business closures in non-metro Ontario to April, 2020

Special Issue, August 18, 2020

### Highlights

- In non-metro Ontario, the number of active business in April, 2020 was 12% lower than in January.
- This decline was due to 18% fewer businesses that opened and 243% more business that closed.

### Why look at business closures?

In 'normal' times, there is an on-going dynamic of business openings and business closures. New "experimental" data from Statistics Canada<sup>1</sup> provides monthly data on active businesses, business openings and business closures (as defined in Box 1). The COVID-19 pandemic has disrupted the 'normal' business dynamics.

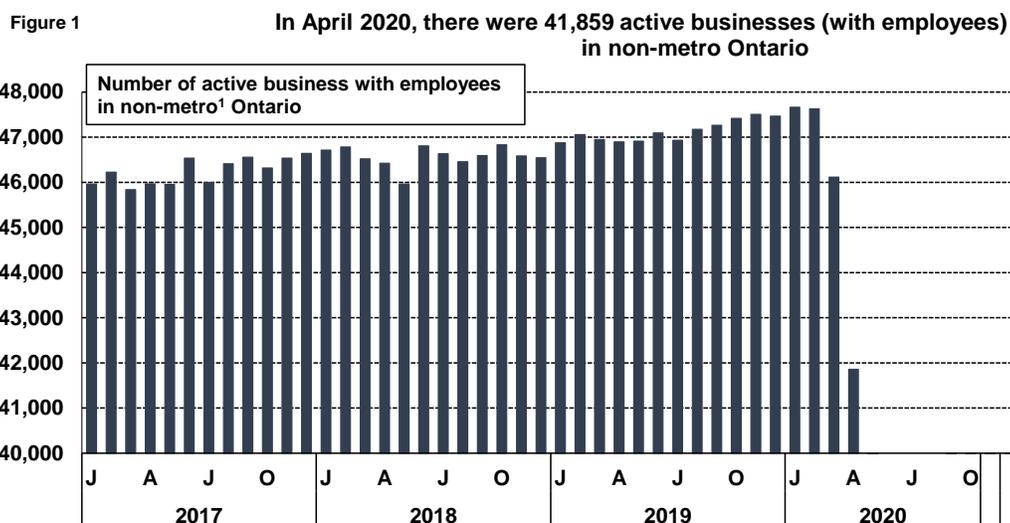
The objective of this factsheet is document recent changes in business closures in non-metro<sup>2</sup> Ontario.

### Findings

Up to February, 2020, there was a slow but steady increase in the number of active businesses (defined in Box 1) in non-metro<sup>2</sup> Ontario (Figure 1).

However, the number of active businesses fell somewhat in March, 2020 and then fell substantively in April, 2020.

When looking at the trend compared to January, 2020, the number of active businesses in non-metro Ontario fell by 12% by April, 2020 (Figure 2). Note that the trend line up to January, 2020 is essentially the same for both metro and non-metro active businesses and the decline from January to April, 2020 is essentially the same in metro and non-metro areas (See lines 2 and 3 in Table 1).



1. **Non-metro** refers to locations outside a Census Metropolitan Area (CMA). A CMA has a total population of 100,000 or more (with at least 50,000 in the urban core) and includes all neighbouring towns and municipalities where 50+% of employed residents commute to the CMA. In this chart, the non-metro (non-CMA) business closures are calculated as the difference between the Ontario total and the sum across CMAs in Ontario. The published data provide only the total for the Ottawa-Gatineau CMA and thus the sum across CMAs would be an overstatement of the situation in metro Ontario. In the 2016 census, 25% of the Ottawa-Gatineau population resided in Quebec. To adjust for this situation, we have assigned 75% of the published data on business closures to the Ontario part of the Ottawa-Gatineau CMA.

Sources:

Lafrance-Cooke, Amelie, Ryan Macdonald and Michael Willox. (2020) **Monthly Business Openings and Closures: Experimental Series for Canada, the Provinces and Territories, and Census Metropolitan Areas** (Ottawa: Statistics Canada, Economic Insights, Catalogue no. 11-626-X — 2020014 - No. 116). (<https://www150.statcan.gc.ca/n1/en/catalogue/11-626-X2020014>)

Statistics Canada, Table 33-10-0270-01.

Chart by Ray D. Bollman@sasktel.net

<sup>1</sup> See Amelie Lafrance-Cooke, Ryan Macdonald and Michael Willox. (2020) **Monthly Business Openings and Closures: Experimental Series for Canada, the Provinces and Territories, and Census Metropolitan Areas** (Ottawa: Statistics Canada, Economic Insights, Catalogue no. 11-626-X — 2020014 - No. 116). (<https://www150.statcan.gc.ca/n1/en/catalogue/11-626-X2020014>).

<sup>2</sup> Non-metro refers to the population outside the commuting zones of a Census Metropolitan Area (CMA). See "[Overview of Ontario's rural geography](#)" (June, 2013).

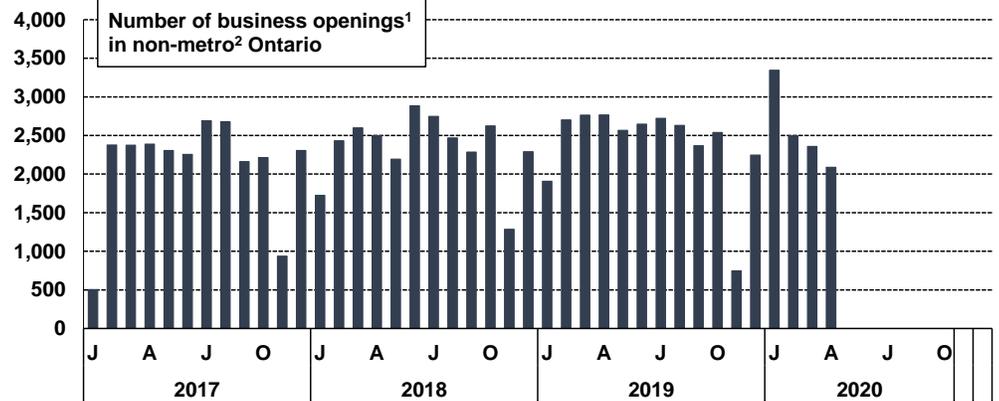
Part of the decline is due to the opening of fewer businesses in April. In April, 2020, there were 2,089 businesses that “opened” which was 18% lower than the average for April in 2017-2018-2019 (2,550 businesses). As noted in Box 1, an opening business includes any business that had no employees in March but some employees in April (including the re-opening of seasonal businesses). However, the major contributor to the decline in the number of active business was closing of 6,197 business in April, 2020. This level of closures is almost 2 ½ times more than usual – specifically it was 243% greater than the average for April in 2017-2018-2019 (2,554 businesses). This increase in business closures was slightly less than the 263% increase in metro areas (data not shown).

At the Ontario level, the sectors with the largest decline in active businesses were

- 21% : accommodation and food;
- 19% : other (personal) services;
- 17% : transportation and warehousing;
- 15% : retail trade; and
- 15% : arts, entertainment and recreation (Table 1).

Figure 2

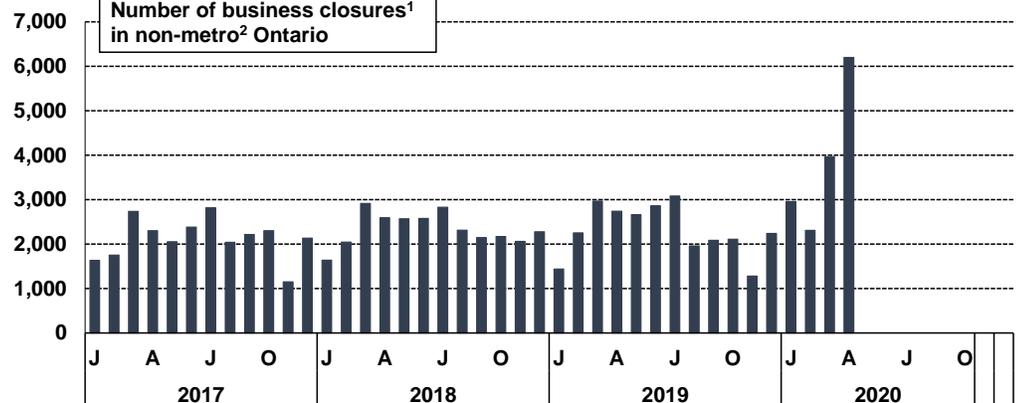
**In April 2020, there were 2,089 business openings<sup>1</sup> in non-metro Ontario**



1. A **business opening** is defined as an enterprise that no paid employees in the previous month but some paid employees in the current month. The opening may be temporary or permanent. These instances occur when a new, small firm begins, when a large firm opens a new establishment or when a seasonal firm re-opens.  
 2. **Non-metro** refers to locations outside a Census Metropolitan Area (CMA). A CMA has a total population of 100,000 or more (with at least 50,000 in the urban core) and includes all neighbouring towns and municipalities where 50+% of employed residents commute to the CMA. In this chart, the non-metro (non-CMA) business closures are calculated as the difference between the Ontario total and the sum across CMAs in Ontario. The published data provide only the total for the Ottawa-Gatineau CMA and thus the sum across CMAs would be an overstatement of the situation in metro Ontario. In the 2016 census, 25% of the Ottawa-Gatineau population resided in Quebec. To adjust for this situation, we have assigned 75% of the published data on business closures to the Ontario part of the Ottawa-Gatineau CMA.  
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 Chart by RayD. Bollman@sasktel.net  
 Statistics Canada, Table 33-10-0270-01.

Figure 3

**In April 2020, there were 6,197 business closures<sup>1</sup> in non-metro Ontario**



1. A **business closure** is defined as an enterprise that had paid employees in the previous month but no paid employees in the current month. The closure may be temporary or permanent. These instances occur when a small firm goes out of business, when a large firm closes an establishment temporarily or permanently, and when a seasonal firm ceases business activity for the year.  
 2. **Non-metro** refers to locations outside a Census Metropolitan Area (CMA). A CMA has a total population of 100,000 or more (with at least 50,000 in the urban core) and includes all neighbouring towns and municipalities where 50+% of employed residents commute to the CMA. In this chart, the non-metro (non-CMA) business closures are calculated as the difference between the Ontario total and the sum across CMAs in Ontario. The published data provide only the total for the Ottawa-Gatineau CMA and thus the sum across CMAs would be an overstatement of the situation in metro Ontario. In the 2016 census, 25% of the Ottawa-Gatineau population resided in Quebec. To adjust for this situation, we have assigned 75% of the published data on business closures to the Ontario part of the Ottawa-Gatineau CMA.  
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## Summary

The COVID-19 pandemic has caused a major impact on the number of businesses in both metro and non-metro areas in Ontario.

In April, 2020, the number of business openings was 18% lower than the usual April number and the number of business closures were 243% greater than the usual number for April. The data does not necessarily indicate that all business closures are permanent.

### Box 1: Definitions

**Active businesses** are those businesses that reported having one or more employees in a given month.

**Opening businesses** are businesses that transition from having no employees in the previous month to having at least one employee in the current month. These instances occur when a new, small firm begins, when a large firm opens a new establishment or when a seasonal firm re-opens.

**Continuing businesses** are businesses that have at least one employee in the previous month and at least one employee in the current month.

**Closing businesses** are businesses that transition from having at least one employee in the previous month to having no employees in the current month. These instances occur when a small firm goes out of business, when a large firm closes an establishment temporarily or permanently, and when a seasonal firm ceases business activity for the year.

In these data, a “business” is a business establishment, which represents a unit of production, such as a factory, store, or head office. By comparison, an enterprise may have many establishments that operate in multiple regions or industries. The business counts used for this table are based on establishments within firms to which payroll/employment can be associated in Statistics Canada’s Survey of Employment Payroll and Hours (SEPH).

**Table 1. Number of active businesses (with employees), Ontario**

Industry sector	Jan 2020	Apr 2020	Percent change
All "business-sector" enterprises (i.e., excl. education, health & social assistance & public administration)	310,394	270,178	-13
... Metro (CMA) areas	262,728	228,319	-13
... Non-metro (non-CMA) areas	47,666	41,859	-12
Agriculture	..	..	..
Forestry, fishing and hunting	593	544	-8
Mining, quarrying, & oil & gas extraction [NAICS 21]	436	424	-3
Utilities [NAICS 22]	302	274	-9
Construction [NAICS 23]	40,546	34,811	-14
Manufacturing [NAICS 31-33]	17,403	15,779	-9
Wholesale trade [NAICS 41]	16,877	15,443	-8
Retail trade [NAICS 44-45]	31,321	26,772	-15
Transportation & warehousing [NAICS 48-49]	23,248	19,364	-17
Information & cultural industries [NAICS 51]	4,454	4,051	-9
Finance & insurance & management of companies & enterprises [NAICS 52 & 55]	11,715	11,103	-5
Real estate & rental & leasing [NAICS 53]	15,210	13,541	-11
Professional, scientific & technical services [NAICS 54]	50,710	47,595	-6
Administrative & support, waste management & remediation services [NAICS 56]	15,628	13,687	-12
Educational services [NAICS 61]	..	..	..
Health care and social assistance [NAICS 62]	..	..	..
Arts, entertainment & recreation [NAICS 71]	4,844	4,111	-15
Accommodation & food services [NAICS 72]	22,740	17,910	-21
Other (personal) services (except public administration) [NAICS 81]	25,525	20,735	-19
Public administration	..	..	..

Source: Statistics Canada, Table 33-10-0270-01

Rural Ontario Institute gratefully acknowledges the work of Ray Bollman in preparing this edition of [Focus on Rural Ontario](#). Questions on data sources can be directed to [RayD.Bollman@sasktel.net](mailto:RayD.Bollman@sasktel.net). Any comments or discussions can be directed to [NRagetlie@RuralOntarioInstitute.ca](mailto:NRagetlie@RuralOntarioInstitute.ca)