



TORONTO
REGION
BOARD OF TRADE



CLOSING THE PROSPERITY GAP

Solutions for a More Liveable City Region

Sponsored by:

Created in Collaboration
with **United Way Toronto**





Founded in 1845, the Toronto Region Board of Trade is the chamber of commerce for Canada's largest urban centre, connecting more than 12,000 Members and 250,000 business professionals and influencers throughout the Toronto region.

The Board fuels the economic, social and cultural vitality of the entire Toronto region by fostering powerful collaborations among business, government, thought leaders, and community builders. Toronto Region Board of Trade plays a vital role in elevating the quality of life and global competitiveness of Canada's largest urban centre.

Membership with the Board offers the opportunity to be part of a network of our region's most influential business leaders, who are working together to help shape the future of the Toronto region.

FOREWORD & ACKNOWLEDGEMENTS



TORONTO REGION BOARD OF TRADE AND UNITED WAY TORONTO

With a provincial election now behind us and municipal elections in less than two weeks, we are excited to release *Closing the Prosperity Gap*, the concluding paper in our *Think Twice, Vote Once — Decision 2014* campaign. This paper is the result of close collaboration between the Toronto Region Board of Trade and its research partner, United Way Toronto.

In 2010, the Board released, *Lifting All Boats: Promoting Social Cohesion and Economic Inclusion in the Toronto Region*. This report highlighted that issues of social cohesion and economic inclusion are important to the business community. This interest was, and continues to be, based on an understanding of the significant economic impacts of these issues on the entire Toronto region's prosperity. We observed that, "engaging the entire population broadens our base of skills and expands our networks to better prepare us to compete in a global marketplace." We called for action from all three levels of government and also recognized that there were many 'grassroots' actions that could be taken to create momentum for economic improvement and social progress.

In response we saw federal, provincial and municipal leaders bring in a number of positive policy initiatives that have benefited key segments of the region's population. Also, as we illustrate in this paper, there was indeed a blossoming of 'grassroots' actions across the region. Yet, despite the progress in some areas, youth unemployment is as high as it has ever been, newcomers are still dealing with the challenges of integration, there are neighbourhoods in need of support, and broad labour market trends are leading to an increase in 'non-standard employment' — part-time and contract work, often without benefits and a sense of career progression.

The prosperity gap is geographic, in the workforce, and generational. Where you live determines the level of access you have to services, transit, and good jobs. More and more people are working in temporary and part-time jobs, often with no supplemental benefits. Young people are finding it harder to get hired — youth unemployment is above 18 percent across the Toronto region and nearly 22 percent in the City of Toronto.

This paper projects 520,000 new job openings over the next five years from new economic and demographic growth, as

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Chair, Toronto Region Board of Trade

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well as retirement of older workers. Without business and political leadership, youth and newcomers will continue to face barriers preventing them from taking advantage of these openings. We don't want to lose the next generation of young people to other regions with better opportunities, or to unemployment, underemployment or paths that jeopardize their future and the safety and well-being of our communities. A better quality of life for residents is better for everyone — it will attract investment, create jobs and spur wealth creation.

The good news is that there are proven solutions that our leaders can champion and embrace across the Toronto region. We also have a strong sense that renewed provincial and municipal leadership will be able to harness the grassroots momentum building over the last four years to address key challenges. Outlined in our report are a number of ways in which government, the private sector, community service organizations and others are working to create opportunities to close the prosperity gap in our region.

A specific contribution that we are making in this report is a labour market demand projection analysis for the region over the next five years. This information will enable job seekers, career counselors, and colleges and universities to make informed decisions about career paths and educational programs. Understanding our region's changing labour market is critical to ensuring youth, newcomers and others embarking on new career paths can successfully transition into rewarding employment.

Thanks to the Toronto region colleges and Colleges Ontario, who sponsored this paper, and to Millier Dickinson Blais Inc., and their partner Strategic Projections Inc., for research support in developing the labour market demand analysis. Our thanks as well to the wide range of internal and external stakeholders that have provided so much information, insight and inspiration as we developed this paper.

We look forward to listening to, and participating in, the debate among candidates and policy makers in the weeks and months ahead. Solutions will come through collaboration and having every sector at the table ready to work in new ways to address new challenges. By working together we can choose to build a strong region with a high quality of life and a growing economy.

The time for a more prosperous, productive and socially inclusive Toronto region is now.

PREFACE

TORONTO REGION COLLEGES AND COLLEGES ONTARIO

We are pleased to sponsor the release of the Toronto Region Board of Trade's, *Closing the Prosperity Gap* paper.

Toronto region colleges and polytechnics play a critical role in addressing many of the themes raised throughout the paper; the paper explicitly draws attention to these contributions as some of the examples of action taking place across the region.

Colleges work with employers and Employment Ontario to connect growing numbers of people to the career opportunities that exist in their communities. This includes helping our most vulnerable citizens get the qualifications and skills they need to find rewarding careers.

Colleges are also helping internationally trained immigrants find career success in this province through bridging programs, mentoring and the delivery of ESL programs and dual credit programs.

Our work with sector councils, employer groups and individual firms — as highlighted by some of the examples in this report — show how we connect experiential learning to skills acquisition in our graduates. These skills include those needed by employers, as well as the life long learning skills that enable graduates to continue to learn throughout their careers as jobs and workplaces evolve.

We would like to call particular attention to the appendix of this report and the data file that can be found at: <http://www.bot.com/prosperitygap>, which provides a unique set of labour market demand projections by industry and occupation. This is a valuable contribution to the need for more local labour market information that can help guide our programming decisions and better focus our outreach to industry. It is also an asset that can guide the decisions of other stakeholders, as well as job seekers and those that are providing them advice about career paths.

We would like to thank the Toronto Region Board of Trade and its research partner United Way Toronto for the leadership they have shown in releasing this paper. We hope that other stakeholders will join us in heeding the call to action in this report to come together to take additional action with a renewed sense of collaboration.



EXECUTIVE SUMMARY

WHY THE PROSPERITY GAP MATTERS TO OUR REGION'S FUTURE

By most measures the Toronto region's overall social and economic well-being is enviable. We live and work in a place of great opportunity. But the prosperity we enjoy today is not guaranteed for tomorrow. Our region is confronted by worrying trends that threaten to undermine our social cohesion and economic strength, in effect creating a "prosperity gap".

The worrying trends at the root of the prosperity gap are: a decrease in the quality of new jobs, with too few being real career opportunities that offer stability and security; unequal access to quality of life determinants and opportunities among different neighbourhoods in our region; and greater challenges for newcomers and young people than other segments of the population in building better lives for themselves.

The findings of this report reveal that:

- While the Toronto region is projected to experience a continued increase in the number of high income jobs being created, low paying jobs, which often lack security and benefits, are also projected to rise.
- The region has experienced a widening geographic divide between affluent and low-income neighbourhoods, with the latter experiencing lower educational attainment, higher unemployment rates, and greater poverty. The lack of sufficient tools to confront these challenges leads to a rising sense of marginalization in these low-income neighbourhoods — a feeling of being left out of the region's economy and society.
- High rates of youth and newcomer unemployment and underemployment point to major weaknesses in our ability to capitalize on the economic potential of our emerging workforce. Toronto's youth unemployment rates averaged 21.8 percent in the first six months of 2014. At the same time, undervaluing newcomers' qualifications and experience is estimated by one study to cost the Toronto region's economy approximately \$1.5 billion to \$2.25 billion every year.

In *Closing the Prosperity Gap for a Liveable City Region*, the Toronto Region Board of Trade (the Board) and United Way Toronto (UWT) find that, without business and political leadership, we will not be able to arrest these worrying trends, leaving too many in our region behind. With over 500,000 new job openings projected over the next five years, due to economic growth and retirement of older workers, leadership is required to ensure that every resident is equipped to take advantage of these emerging opportunities.

These gaps should be of concern to all of us in the region. The liveability of the region, as well as its competitiveness is at stake. Giving everyone an equal opportunity to succeed gets more people working, improves our productivity and creates a strong economic base.

There is a well-established link between social progress and economic performance. Equity, inclusion and access are building blocks for social cohesion, and progress in these areas can enable better opportunities and outcomes for all residents. Ensuring that everyone is at their best and can contribute to our shared prosperity makes good business sense in the short- and long-term. It means more consumers for neighbourhood businesses and a revenue base that can help pay for critical municipal programs and services. It also reduces reliance on costly remedial systems such as health care and criminal justice down the road. This is especially important for youth and newcomers who currently face particularly challenging circumstances.

Social cohesion is also key to the region's liveability and the advantage that comes when people and businesses choose to locate in the Toronto region for its high quality of life. A sense from every resident that "we are all in this together" engenders the kind of social cohesion that enables a region to pull in the same direction and have shared aspirations for the future. This is an important foundation for liveability that helps to attract investment and new talent to further drive a cycle of economic and social progress.

The Board and UWT are calling for increased political, business, labour and community leadership and collaboration to ensure that everyone in our region has the opportunity to contribute to and shape our economy, neighbourhoods and communities.

The report outlines a number of proven solutions that are already working to close the prosperity gap in our region. Leadership and further collaboration will see these solutions being spread, scaled-up and implemented across the region.

The changing labour market is resulting in new types of work, with both opportunities and challenges, often in the form of non-standard employment, such as part-time and contract employment often with uncertain hours and earnings and without benefits. The report points to a number of examples where government, educators, the private sector and labour can alleviate the negative effects of non-standard employment by various means. Employers, for example, can apply practices that address the specific needs of workers in non-standard employment. There can be collaboration across sectors to support higher skill and higher wage employment that in turn attract good jobs to our region. Additionally, a modernized approach to public policy can more effectively address the shifting needs of workers in this new labour market.

All neighbourhoods in Toronto have important economic and social supports and other assets, but some neighbourhoods are missing specific supports to meet important local needs. This report discusses how government, businesses, post-secondary institutions, labour and community organizations can contribute to create socially and economically prosperous neighbourhoods by working together. Solutions are developed when businesses work with communities to foster local economic opportunities; when the community sector and government collaborate on policy changes to promote local economic development; and when we leverage opportunities in neighbourhoods through intelligent zoning, community benefits and social enterprises.

The experiences of youth and newcomers are linked to broader challenges regarding unemployment and underemployment across the region. This report highlights examples of locally-driven approaches that can help ensure a better fit between labour force supply and demand. Collaboration can build necessary links between education and employment, and community services can ensure that everyone has the basic supports they need to build a better life.

It is difficult for Toronto region residents to fully understand, address, and track these complex issues in the absence of high-quality labour market information. The appendix of this report makes a contribution to this information gap by providing projections of employment levels and growth by occupation and industry. This analysis answers two key questions: in what industries and occupations are today's jobs and where will growth come from in the next five years? While this analysis contributes to a stronger understanding of the trends in our region's economy, it also underscores the urgent need for ongoing high-quality labour market information. This is particularly important for those directly affected by the new realities of the Toronto region's job market. From the individual job seeker to employers, educators, and policy makers, current and accurate labour market data is critical for making sound decisions.

The prosperity gap can have an increasing negative influence on the liveability, productivity and competitiveness of the Toronto region. To bridge this gap the Board and UWT recommend building on cross-sectoral collaborations that bring together various knowledge, skills, experience and energies. These collaborations should strive to work in new ways to alleviate the challenges posed by the region's changing labour market, to support neighbourhoods that are falling behind, and to give real world support to youth and newcomers seeking employment.

Our region's prosperity gap is a major challenge that was not created overnight and will not be solved by easy, simple or quick interventions. Solutions will come through collaboration and having every sector at the table ready to work in new ways to address new challenges. By working together we can choose to build a strong region with a high quality of life and a growing economy. As this report shows, we are in fact already well down the road in finding solutions. Now is the time to build on the momentum and to show leadership to ensure a stronger, more prosperous future is in store for everyone in our region.



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