



## STAFF REPORT ACTION REQUIRED

### Service Sector Summit

<b>Date:</b>	December 14, 2009
<b>To:</b>	Economic Development Committee
<b>From:</b>	General Manager, Economic Development Culture and Tourism
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2010\Cluster A\EDCT\ECON DEV\January\ed1001-004

### SUMMARY

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As requested by the Economic Development Committee, a Service Sector Summit, 'Strength in Services: A Summit on Transforming Service Jobs' was organized in partnership with the Martin Prosperity Institute, Institute for Competitiveness and Prosperity, and Intergovernment Committee for Economic and Labour Force Development. The Summit was held on November 16, 2009 with the participation of unions, universities and corporations, to emphasize the importance of the service sector in stimulating the economy. The summit attracted over 200 participants.

Although the Service sector is a large and growing segment of the Toronto region workforce, it is frequently overshadowed and sometimes overlooked in economic analysis and recovery plans, particularly the low wage end of the sector.

Staff should continue to work with business, labour, academic partners and other orders of government to develop and implement appropriate policies and programs to help shape the economic recovery and transformation of the service sector.

### RECOMMENDATIONS

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**The General Manager, Economic Development, Culture and Tourism recommends that:**

1. Council and staff continue to work collaboratively with the partners of 'Strength in Services: A Summit on Transforming Service Jobs' (Martin Prosperity Institute, Institute for Competitiveness and Prosperity, Intergovernment Committee

- for Economic and Labour Force Development) to emphasize the importance of the service sector in stimulating the economy in Toronto and the region.
2. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

## **Financial Impact**

There are no financial implications arising from the adoption of this report.

## **DECISION HISTORY**

At its meeting on May 13, 2009, Economic Development Committee requested the General Manager of Economic Development, Culture and Tourism to organize a Service Sector Summit with the unions, universities and corporations, to emphasize the importance of the service sector in stimulating the economy.

<http://www.toronto.ca/legdocs/mmis/2009/ed/decisions/2009-05-13-ed22-dd.htm>

## **ISSUE BACKGROUND**

At its meeting on January 27 and 28, 2009, City Council requested the Economic Development Committee to hold a special meeting to which all Members of Council and the public are encouraged to attend, to brainstorm and develop strategies to improve Toronto's economic advantage and minimize the negative economic impact of the current recession

Shortly after Council's request, the Martin Prosperity Institute released a report, *Ontario in the Creative Age*, co-authored by Roger Martin, Dean Rotman School of Management and Chair, Institute for Competitiveness and Prosperity, and Richard Florida, Director, Martin Prosperity Institute. Their report, prepared in response to a request by Premier McGuinty, calls on Ontario to embrace the promise of the global economic transformation underway and to harness its potential for building shared prosperity.

The Chair of the Economic Development Committee convened the Special Meeting on May 13, 2009 and invited Roger Martin and Richard Florida to present their insights and recommendations. During their presentation, Richard Florida proposed that as a step toward advancing economic recovery the City hold a Services Sector Summit. The Summit would focus on opportunities to transform routine-oriented service jobs by tapping into the creative potential of employers and employees.

Although the Service sector is a large and growing segment of the Toronto region workforce, it is frequently overshadowed and sometimes overlooked in economic analysis and recovery plans, particularly the low wage end of the sector. Many routine service activities in food service, hotels, personal care, clerical, custodial, and similar

industries are essential to the daily functioning and economic success of major cities. However, the low wage rates make it difficult for employees in these types of jobs to live in the relatively high cost cities in which they work. The challenge is to identify ways to increase the value added component of service sector jobs so that they provide greater job satisfaction and can eventually command a higher wage rate.

Economic Development Committee concurred with Richard Florida's proposal and requested the General Manager of Economic Development, Culture and Tourism to organize a Service Sector Summit to emphasize the importance of the service sector in stimulating the economy

## COMMENTS

The Service Sector Summit 'Strength in Services: Transforming Service Jobs' was held on November 16, 2009. It was a direct outcome of the *Ontario in the Creative Age (2009)* report by Roger Martin and Richard Florida, and the City of Toronto's economic competitiveness strategy the *Agenda for Prosperity (2008)*.

The first step in transforming service jobs in Toronto and the region is to raise awareness of service jobs as an area with significant potential for economic growth. In this regard the Summit was an unqualified success. Prior to the Summit, TVO's *The Agenda*, featured a discussion on the Services Sector with Mayor Miller, Richard Florida, Sharleen Stewart, President, Service Employees International Union (SEIU) Local 1, Canada, and Cathrine Swift, Chairwoman, President & CEO, Canadian Federation of Independent Business

Steve Paikin was the morning moderator for the Summit, which included presentations by experts from business, labour, academia and government. Following an in depth presentation by Kevin Stolrick, Research Director, Martin Prosperity Institute to provide the context for the sessions to follow, Mayor Miller spoke to the more than 200 participants about the importance of the Service Sector to the economy and the collaborative approach the City has taken to address strategic issues. Richard Florida was the morning keynote speaker the importance of a triple win of better jobs, better productivity, and economic improvement within the region by tapping into the creative potential of employers and employees. There were 14 speakers overall, including 3 international speakers: Vikas Kapoor, President and CEO of New York-based iQor; Pam Egan, Director of Operations of the Culinary Training Academy in Las Vegas; and Phoebe Damrosch, author of 'Service Included' from New York. During the Summit, participants were challenged to think creatively about what could be done to foster a world class service culture and transform service jobs in Toronto, the region and the Province of Ontario. Some important points raised at the Summit are:

- Today, more Canadians are employed in Services than any other type of work. According to the Martin Prosperity Insights "*Supersized and Precarious: The Service Class in Canada*" 2009, across Canada 7.4 million (46%) people are employed in service class jobs, compared to 4.7 million (29%) in the creative

class jobs, 3.4 million (22%) in the working class jobs and less than a million (3%) in jobs such as fishing, farming and forestry.

- Research from the Martin Prosperity Institute (2009) found that across Canada employment in the Service Sector rose almost 50% from 6.3 million in 1976 to 12.5 million in 2006, while the Goods Producing Sector stayed relatively the same at 3.3 million in 1976 and 3.9 million in 2006.
- Across Canada, GDP in the Service Sector increased by 7 times over 30 years (\$115 billion in 1976 and \$850 billion in 2005) while GDP in the Goods Producing Sector increased by 6 times as much the same time period (\$73 billion in 1976 and \$430 billion in 2005).
- Across Canada Service Class jobs employ about 46% of the total work force, but make 35% of the total employment income. Whereas Creative Class jobs employ 29% of the total work force and make 42% of the total employment income. Working Class jobs employ 22% of the total work force and generate 20% of the total employment income.
- Toronto has a highly educated service class. About 58% percent of people working in the service class have a high school, apprenticeship or college certification. At the same time the five lowest paid service occupations in Toronto (average wage, full-time) are: Food and Beverage Service (\$19,816); Cashiers (\$22,231); Child care and home support workers (\$24,173); Chefs and Cooks (\$26,383); Sales and service occupations (\$28,994).
- About 77% of people in service jobs are between the ages of 25 and 65 and more than half work over 30 hours a week. That said there are a higher percentage of people working part time in the service class (25%) than any other occupation classification (creative class 15% and working class 8%). This means that, more than other sectors, people in the service class are working at more than one job to generate their total income.
- The proportion of visible minorities and immigrants in the service class is proportional to the share of visible minorities and immigrants to the entire labour force. In Toronto, the share of visible minorities in the service class is 41.3% while the share of visible minorities in the labour force is 40.3%, while the share of immigrants in the service class is 50% the share of immigrants in the total labour force is 50.9%.

Further information on Service Sector Summit can be found at the newly established website [www.strengthin-services.org](http://www.strengthin-services.org).

## **CONCLUSION**

The Service sector is a large and growing segment of the Toronto region economy. It is important that we develop a better understanding of the issues and opportunities in Service industries. The Service Sector Summit, 'Strength in Services: A Summit on Transforming Service Jobs' was a first step in raising awareness of the importance of service jobs as an area of economic growth. Staff should continue to work with business, labour, academic partners and other orders of government to develop and implement appropriate policies and programs to help shape the economic recovery and transformation

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## **SIGNATURE**

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