

London Jobs Now

June 26, 2019.

Mayor Ed Holder,
City of London,
300 Dufferin Avenue,
London, ON N6A 4L9.

Dear Mayor Holder:

London Jobs Now Task Force Report

In January's State of the City address you called for the creation of a Task Force to analyze London's job situation and to identify and lead specific projects to put more Londoners to work. In April the newly formed Task Force was publicly announced including your Senior Advisor, members of London's Social Services, Fanshawe College, Western University, the London Chamber of Commerce, the London Economic Development Corporation, Knighthunter.com, Nestle Canada, and the London Region Manufacturing Council.

Our first project, the support of the April London and Area Job Fair, was a good first step. Our marketing efforts (home-delivered flyers and social media via our City Council and Staff networks) to reach Londoners not engaged by normal methods doubled the number of job seekers who attended the Fair and, in so doing, helped London employers hire the talent they need to survive and thrive (e.g. as a direct result of our launch and Job Fair support, London manufacturer Diamond Aircraft received more than 400 resumes and has so far hired more than 50 highly skilled employees).

At that time the Task Force committed to providing you, prior to the end of this month, with a report on the London job situation. That report follows below.

Executive Summary

London has a jobs crisis. Not a crisis in creating jobs but in filling them. Our City has the lowest Employment Rate (number employed divided by population) of the 35 Census Metropolitan Areas (CMA) measured by Stats Canada. It is not a new problem; London's Employment Rate has been on a downward trajectory for 14 years. It is not an improving problem; over the past year alone London's workforce has declined by 10,000 people even though our population has increased by 8,000. It is not a regional issue; Kitchener-Waterloo, Guelph and Windsor (and more broadly Ontario and Canada) enjoy stable to increasing Employment Rates. And it is not due to a lack of job openings; Stats Canada reports that the London Economic Region (an area that extends from Strathroy to Woodstock) currently has 8,695 job openings; on a population basis that translates to 6,500 job openings for the London CMA including 4,300 job openings for the City of London. The difficulty in filling those jobs is putting a significant strain on London's businesses. Many local businesses need more staff to keep their doors open. And some national/international firms with London operations have started to look at other communities to fill their staffing demands.

So, what's the problem? To minimize the not-working effects of students and retirees we looked at Londoners in their prime working years of 25 to 64. And then we compared London to our nearest city of similar size, Kitchener-Waterloo. We found two key issues that accounted for the 9-point difference in Employment Rates between the cities in 2018:

- Half of the difference relates to Londoners not available to work due to their studies or a permanent condition such as a serious mental or physical health issue. This is connected to London's role as a regional hub for education, healthcare, and social services.
- The other half of the difference relates to unemployed Londoners who were available for work but had not recently searched for a job. In this report we refer to this group as London's hidden unemployed because they don't get counted in the Unemployment Rate and are difficult to engage through traditional recruiting methods. We judge that both cities have comparable levels of residents not looking for work due to caring for a child/parent or being financially independent. We see differences between the cities in two areas: First, London's lack of reliable public transit to our industrial areas in the east and south; this reason has been consistently raised by employers as a key impediment to hiring employees who don't have a car. Second, London has been less effective than Kitchener-Waterloo at engaging our hidden not-employed. There are many reasons including:
 - Dozens of job boards in the City (hundreds if we include postings to company websites) which make it difficult for employers and job seekers to connect.
 - A challenge with many job boards for seekers to narrow down employment opportunities based on the seeker's skills, availability, transit needs, and childcare needs.
 - None of the many public and private agencies involved with job placement are working to engage the hidden unemployed.
 - Our City has done a poor job at describing our job-rich environment. Job reports focus on London's misleadingly low unemployment rate. We spend little time as a City talking about our large available labour force and the large number of available jobs.
 - A mismatch of skills versus job market requirements, although the importance of this factor is difficult to pinpoint since most openings require only a good work ethic and ability to learn on the job.

% Population Ages 25 to 64 In 2018			
Source: Stats Canada Table 14-10-0096-01			
	London CMA	Kitchener CMA	Difference
Not Available to Work	8%	3%	5 points
Available But Not Looking	16%	12%	4 points
Available And Looking	4%	4%	0 points
Total Not-Employed Rate	28%	19%	9 points

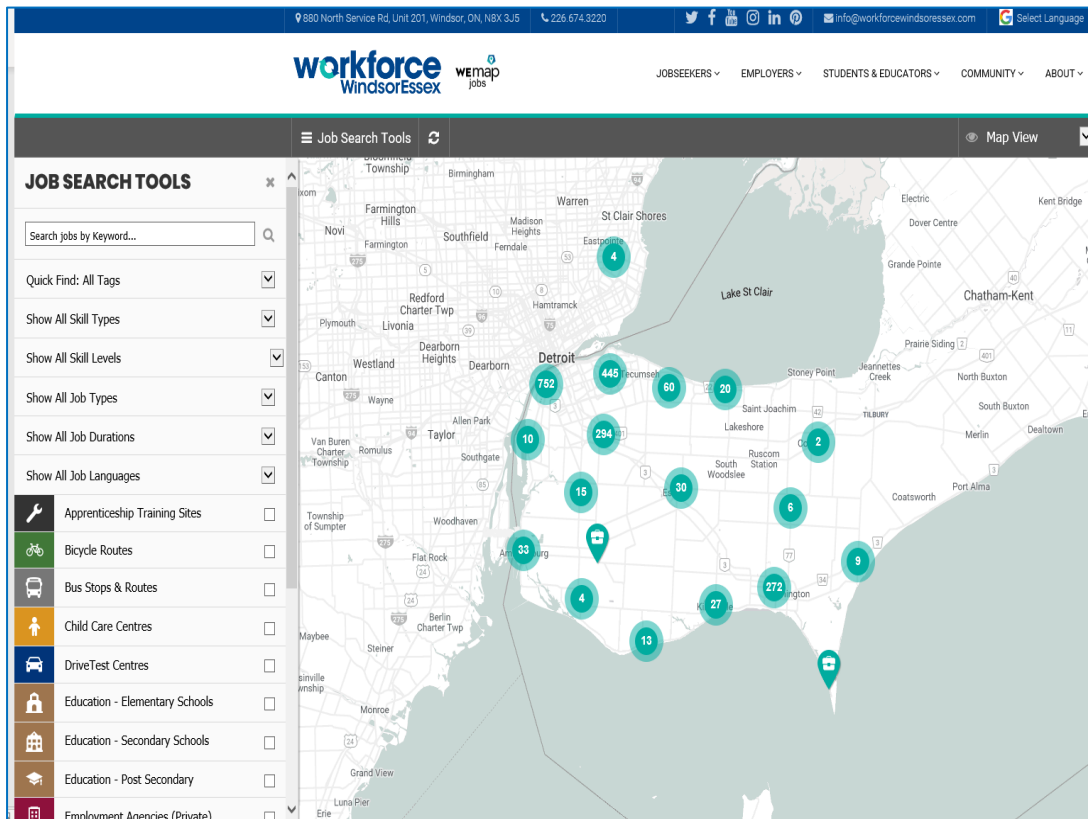
The positive in London's job numbers that is exciting to both our City's current and future employers: London has one of Canada's largest concentration of available workers. 15,000 residents in the London CMA don't have a job, are available to work, and want to work. Openings exist for almost half of those residents today with thousands of new openings expected over the next two years. Meetings with dozens of London's top employers have confirmed that about ¾ of these openings require basic skills with employers committed to providing on-the-job training. The remaining ¼ require more developed skills. Fanshawe, Western, and private institutes like Westervelt provide excellent education engines to deliver those skills. To not lose that skilled

talent to other cities, London businesses need to better engage with students prior to their final year of schooling. Internships, summer jobs, and support of engineering and science clubs are ways to make that happen.

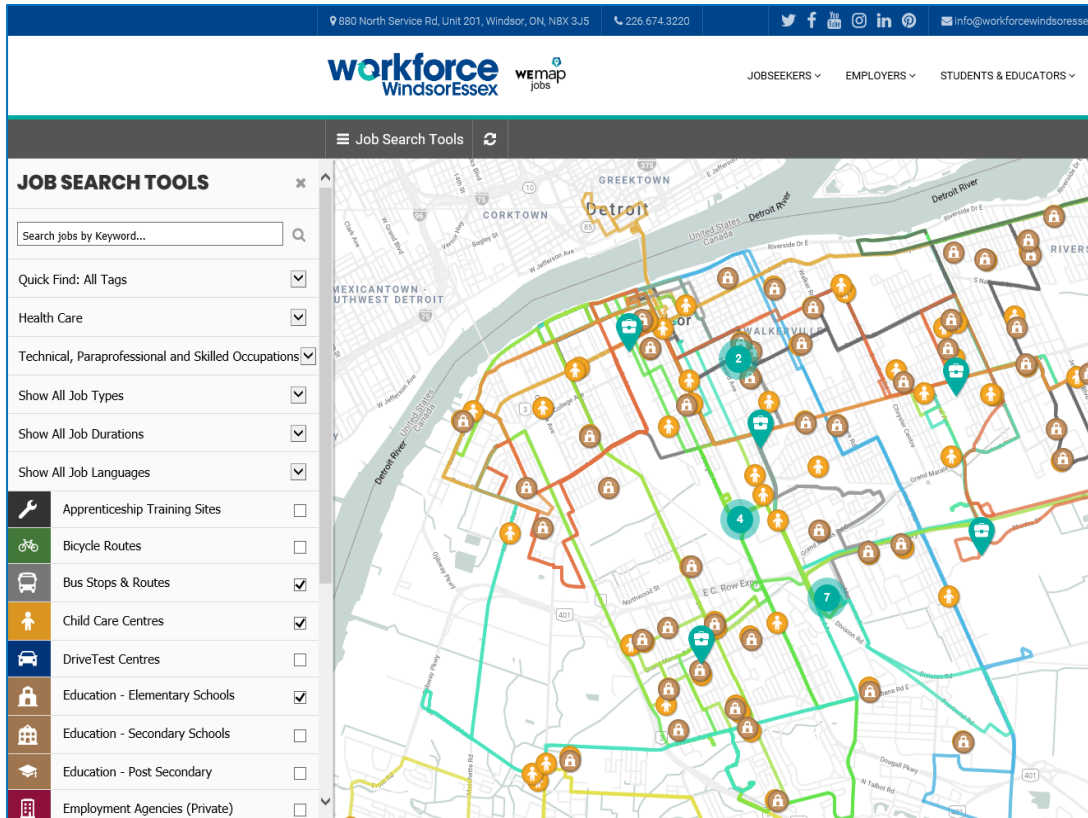
When it comes to engaging the hidden unemployed what's working? We are encouraged that our non-traditional communication efforts to support the London and Area Job Fair brought more than 1,100 incremental job seekers to the Fair (i.e. increased attendance from 1,400 planned to 2,500 actual), 80% of whom were unemployed or under-employed. We are also encouraged by the success that Windsor has had over the past 6 months on the jobs front. During that period Windsor, a somewhat smaller community than London with an historically lower Employment Rate, added 13,000 new jobs. This increase was fueled by 11,000 hidden unemployed Windsor residents starting to search for jobs during the period.

While Windsor city leaders are not certain of how they engaged their hidden unemployed they do talk to three specifics. First, relatively few jobs came from the public employment agencies (i.e. less than 1,000 of the 13,000 newly filled jobs came from moving Ontario Works recipients to employment). Second, publicizing job successes seemed to create momentum in their City. Third, to be successful longer term, they needed to simplify the job search process for both employers and job seekers by bringing all the job listings into one easy-to-use job board. That job board (at workforcewindsor.essex.com) went public in February 2019 and has terrific tools for both seekers and employers. It shows all available jobs at a glance, lets seekers answer a few questions to quickly find opportunities of interest, places the jobs onto a map and adds other data such as bus routes and child care centres to the map so that seekers can quickly determine the jobs that fit their needs (see the two screen shots below).

Windsor Essex Job Board Screen Shot



Windsor Essex Job Board Screen Shot With Transit, Child Care, and School Overlays



What are the financial dimensions of jobs in London? While the short to mid-term tax revenues to the City are minimally impacted by filling existing job openings (city revenues grow with the construction of expanded/new businesses and homes) the wealth to employees, employers and federal/provincial governments is significant. At the January State of the City address and April Jobs Task Force announcement London's Mayor challenged the City to fill 13,000 current job openings, the achievement of which would generate:

- **To employees: \$611 million** per year of new household income (assumes 13,000 jobs x \$47,000 average London wage per year).
- **To employers: \$1.2 billion** per year of new revenues (assumes 13,000 jobs x \$47,000 average wage per year x 2 assuming corporate wages average 50% of revenues).
- **To government: \$17 million** per year of cost savings to the Province from the employment of Ontario Works recipients; (assumes 1,800 of the annual jobs come through Ontario Works conversions to employment based on the current London trend, at an average of \$800 per month Ontario Works cost). In addition, job growth would generate new income and HST tax revenue for both the federal and provincial governments.

What leadership does the City of London have in place to drive these financial wins? The answer: beyond Social Services staff, one jobs manager at LEDC, and part-time work from the Mayor's Senior Advisor: no one. This is a prioritization, not a money issue. This past spring job growth was prioritized in the City's 4-year Strategic Plan. City Council must now decide on funding when they complete the 4-year Budget Plan this Fall.

How does London's job health connect to other City priorities? Within the State of the City address the Mayor talked, in addition to jobs, priorities in the areas of housing, transit, addiction, and mental health. While job growth is not a cure-all it has important connections to those areas. As more Londoners get full-time work housing for those residents becomes more affordable. Transit provides the strategic means of getting Londoners to their jobs on time, particularly the many who depend on buses to get to their jobs in our City's south and east industrial parks. And the stability of full-time work offers an alternative to those who might otherwise cope with unemployment through addiction, anxiety, and depression.

What is a reasonable jobs growth target for the remaining 3 ½ years of the current City Council? During the State of the City address the Mayor set a target of 13,000 net new jobs subject to a more detailed analysis by the Task Force. The logic behind that target was that it would bring London's Employment Rate for the key working ages of 25 to 64 in line with the average of Ontario CMAs (77% versus 72% for London in 2018), and back to the level we held prior to the 2009 Great Recession (77% in 2008).

The analysis in this report does not contradict that target. While London's Employment Rate will likely never approach the highest-achieving cities such as Kitchener-Waterloo and Guelph due to our greater concentration of students, patients, and social assistance recipients, and those cities' proximity to Toronto jobs, we do have room to get to the Ontario average by better engaging our hidden unemployed. And the past 6 months job growth in Windsor, achieved without a major new employer, gives credence that 13,000 net new jobs is realistic.

In conclusion, this report supports the continuance of the target: 13,000 newly filled jobs in the London CMA by the end of the current Council term; i.e. from 244,100 employed currently to 257,100 by December 2022.

What are the Task Force's recommendations for improving London's job situation? The Task Force recognizes that there are many dimensions of connecting job seekers to job openings. We accept that there are important facets of this problem that are not yet clear and warrant more study. And we appreciate the work that our many public and private employment, social assistance, and economic organizations are doing to improve the job health of our City.

Here, though, is the bottom line: London has a jobs crisis. Not in creating jobs but in filling them. The problem has worsened across 14 years to the point that London, ranked in the top third of Canadian CMAs for Employment Rate in 2004, is now at the bottom. There is clearly an important component of filling job openings that our City is missing. Now is the time to put resources in place to fill that gap, start growing jobs, and in so doing better serve our City's most valuable assets: our residents and businesses. To get the process started here are our recommendations:

1. Work with London's Local Employment Planning Council to bring Windsor's innovative online Job Board to our region. In so doing we'll allow London job seekers to more easily connect with job openings by bringing most of the jobs posted on sites across our City into one online location. In addition, the new Job Board will, through maps and user-friendly prompts, simplify online job search so that seekers can more quickly and easily find the opportunities that fit them best including seeing, at a glance, important information such as transit stops and childcare facilities. Employers won't have to change their recruiting practices; they will be able to continue to post to one of the major job sites in our City and that information will automatically be updated on the London Job Board every hour of every day. The work to create this new London Job Board has already begun with the Province, London, and the major communities across the London region contributing to the service set-up and ongoing site management. The total cost of set-up and service in

2019 is \$45,000 which will be funded \$15,000 from the Province, \$15,000 from London, and \$15,000 from other communities in our area. The new service will go live on June 28, 2019.

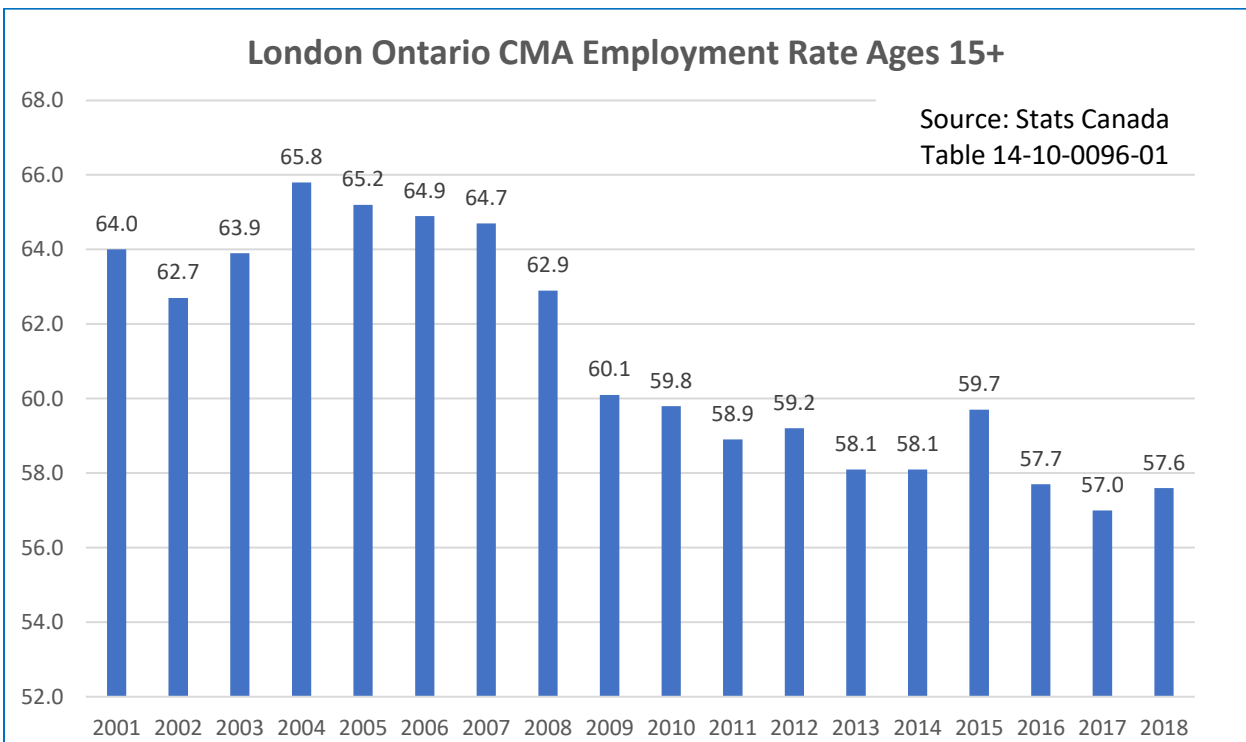
2. Get better public transit in place for our south and east industrial areas before the end of this calendar year. The lack of reliable service is a major reason why more than 1,000 production line jobs in those areas are unfilled. The problem has been identified and studied for years. For London, bus service that gets workers to our plants on time is an essential requirement for filling jobs. As such, this must be an immediate priority for London Transit and London's City Council.
3. Develop a sustainable business plan to get London's 13,000 jobs filled. The Mayor's Office has been leading the Jobs Task Force. We recommend that the Mayor's Office continue to drive the process with the support of other Task Force members, City Council, and community leaders.

The creation of the London Jobs Board and getting public transit to London's industrial areas are important first steps in meeting the Mayor's 13,000 filled-jobs target. Our work, however, must not end here. A sustained effort is called for. To that end the Task Force recommends that our next step be the creation of a 4-year business plan focused on meeting the 13,000 filled-jobs goal, with the delivery of that plan to City Council in time for review and debate during Council's 4-year Budget process this Fall.

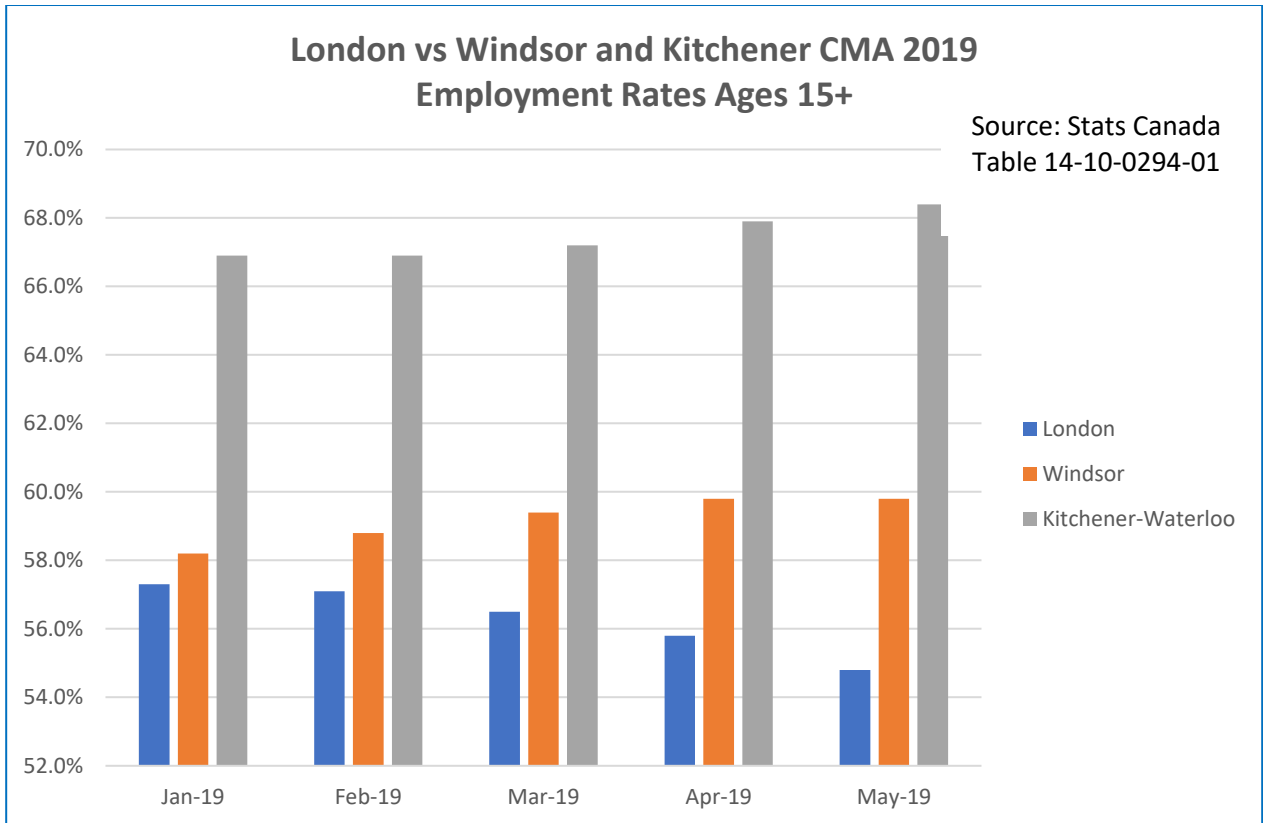
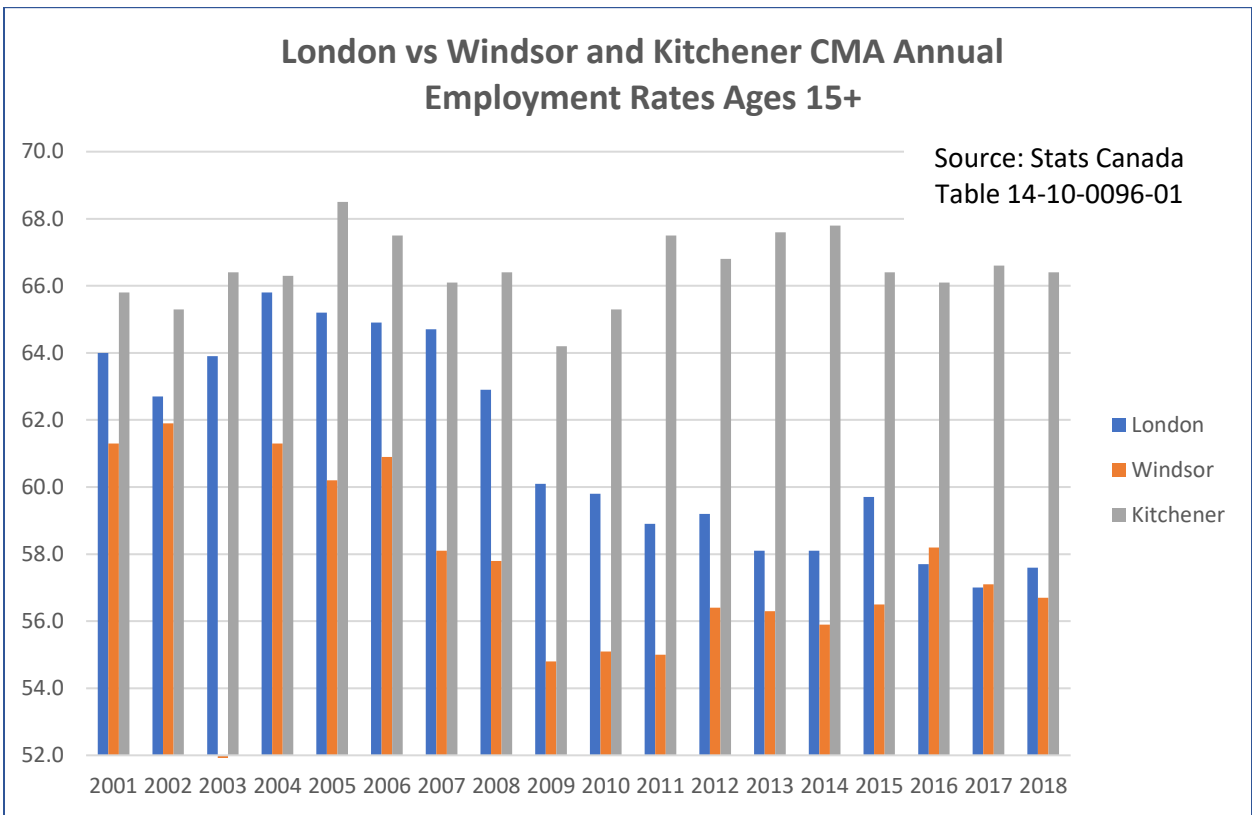
4. Have London's media hold the City's feet to the fire for meeting the 13,000 jobs-filled goal. Turning around London's job decline is essential to the future well-being of our City. We need to start tracking progress towards the goal of 13,000 more employed, celebrating when we reverse the current downside and pushing our civic leaders when we fail to make progress. The media has an important role to play in the achievement of that goal by holding London's City Council, City Staff, and the area's economic development agencies to account.

Additional Job Details

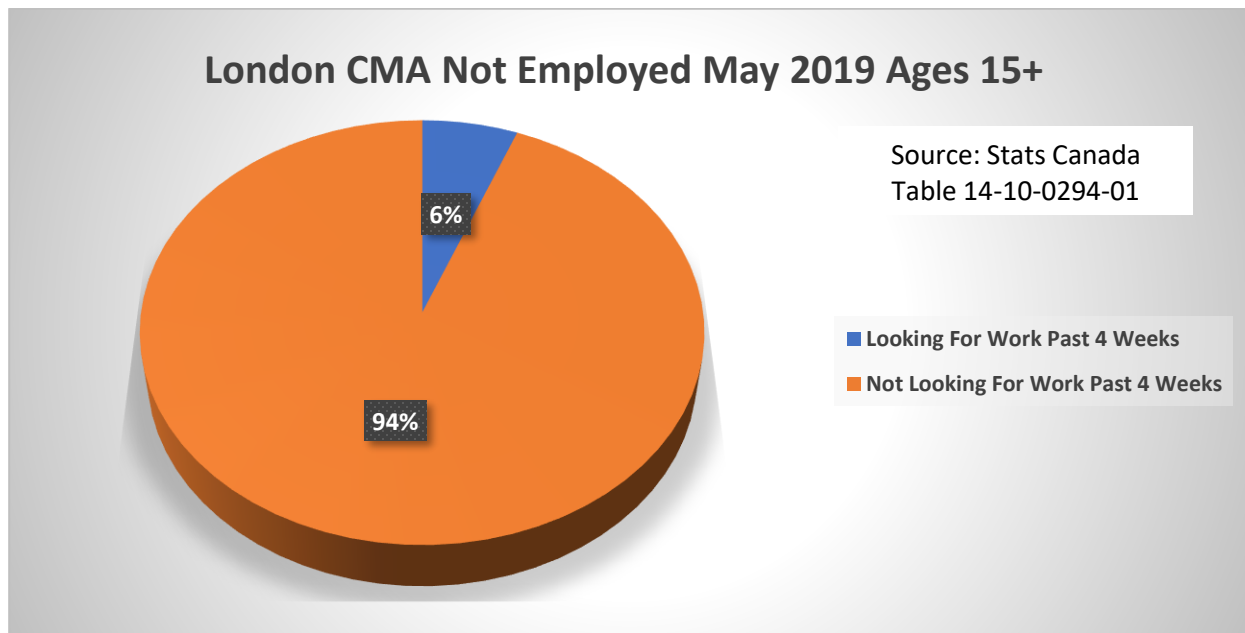
1. London Ontario has a serious problem filling jobs. The London CMA (Census Metropolitan Area primarily comprised of London, St. Thomas, and Strathroy) currently has the lowest Employment Rate of any of the 35 Canadian CMAs measured by Stats Canada. Historically challenged cities such as St. John's Newfoundland, Saguenay Quebec, and Windsor Ontario all have a higher percentage of their populations employed today than London. London's Employment Rate has declined by 8 points across the past 14 years from 65.8% in 2004 to 57.6% in 2018. Over the past year alone London's workforce has declined by 10,000 people even though our population has increased by 8,000. Most concerning, the number of unemployed Londoners who are not looking for a job has increased by more than 19,000 people over the past year.



2. London's job crisis is not a regional issue. Let's compare to two geographically close cities with similar populations. Kitchener-Waterloo CMA's Employment Rate was virtually identical to London in 2004. That rate declined during the 2009 recession but quickly rebounded such that Kitchener's Employment Rate today of 68.4% is higher than it was 14 years ago and is more than 13 points higher than London. Windsor's Employment Rate has historically been lower than London's but that City has shown substantive and steady job growth in 2019 such that their Employment Rate of 59.8% is now 5 points higher than London and the gap is continuing to grow.



3. London's job crisis is not due to a lack of job openings. Stats Canada reports quarterly on the number of job openings for Canada's Economic Regions. London's Economic Region is larger than our CMA (i.e. it extends eastward to Woodstock) but the London CMA is the dominant population centre with $\frac{3}{4}$ of the Region's population. The last report (Q1 2019; Stats Canada Table 14-10-0325-01) shows 8,695 job openings in the London Economic Region which, based on population, translates to about 6,500 London CMA job openings. This quantitative statistic is verified by dozens of London employer interviews conducted over the past 3 months. London businesses are hungry for talent. Roughly $\frac{3}{4}$ of the openings require basic skills with the employers providing the necessary training. The remaining $\frac{1}{4}$ require a range of more developed skills ranging from mechanical certifications to university degrees.
4. London's job crisis is poorly understood throughout our City. The typically reported statistic is the Unemployment Rate which, in London, is currently at a near record-low of 5.0%. As a result there tends to be a sense amongst many that these are good economic times in London and that there are few workers to fill the many available jobs. The fallacy is that the Unemployment Rate only reports on the unemployed who looked for a job over the past 4 weeks. That accounts for just 6% of Londoners without a job. The remaining 94% are those Londoners who are not working and not looking for a job. That statistic gets reported by a measure called the Participation Rate which, in London, is at an historically low of 57.7%. Virtually no researchers, businesses, City Hall leaders, or the media talk the total number of Londoners with and without a job. When expressed as a percentage of London's population ages 15+ those stats currently are: Employment Rate: 54.8% and Total Not Employed 201,400 (reference Report Table 1 below). More than 200,000 not-employed in a CMA of just 445,500 residents is a startling number. More startling is the lack of attention this number gets.



Report Table 1
London CMA Labour Force Statistics as per Stats Canada
(Tables 14-10-0096-01 for annual data; 14-10-0294-01 for monthly data)

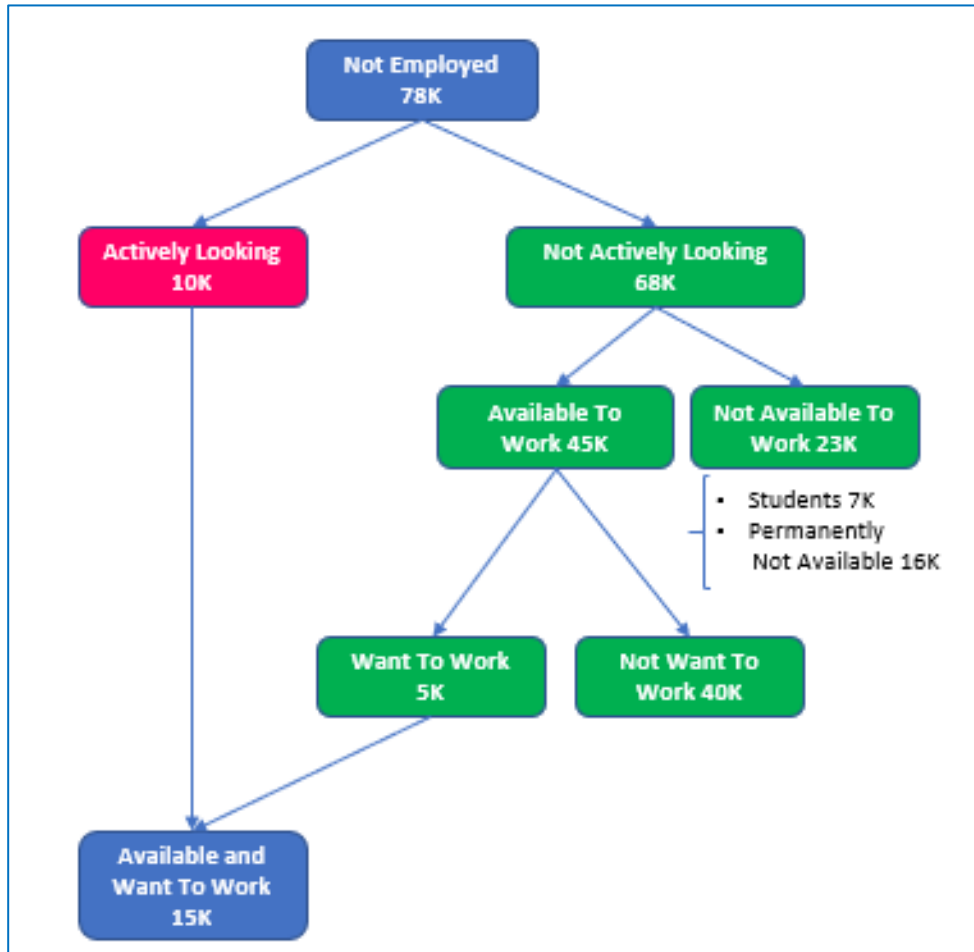
	As Typically Reported - Ages 15+					Ages 25 - 64
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	2018
Population x 1000	442.9	443.6	444.2	444.8	445.5	281
Labour Force x 1000	267.5	267.5	264.4	260.6	256.9	231
Not In Labour Force x 1000	175.4	176.1	179.8	184.2	188.6	68
Unemployment x 1000	13.8	14.4	13.3	12.6	12.8	10
Total Not Employed x 1000	189.2	190.5	193.1	196.8	201.4	78
Total Employed x 1000	253.7	253.1	251.1	248.0	244.1	203
Unemployment Rate	5.2%	5.4%	5.0%	4.8%	5.0%	4.7%
Participation Rate	60.4%	60.3%	59.5%	58.6%	57.7%	76%
Not Employed Rate	42.7%	42.9%	43.5%	44.2%	45.2%	28.0%
Employed Rate	57.3%	57.1%	56.5%	55.8%	54.8%	72.0%

5. To get a better look at London’s job problem we have looked at adults in their prime working years of 25 to 64. The typically-reported Stats Canada numbers are for ages 15+ which, of course, include large numbers of students and retirees. Restricting the age range to 25 to 64 reduces those biases. For calendar year 2018 below are the results for the London CMA (reference Report Table 1):

- # Not Employed and Not Looking For A Job 68,000
- # Not Employed and Looking For A Job 10,000
- # Total Not Employed 78,000
- Employment Rate 72.0%
- Not Employed Rate 28.0%

6. A deeper dive into London’s 78,000 not-employed ages 25 to 64 highlights two large groups: those not available to work and those available but not currently searching for a job (see Report Diagram 1 below). The 23,000 Londoners not available to work because they are older students or have a permanent disability reflects the City’s strengths in the areas of education and health care. It accounts for half of the 9-point employment rate difference versus Kitchener-Waterloo. The other half is due to the 45,000 not-employed who are available to work but have not recently looked for a job; the percentage of the population for this group is significantly higher than Kitchener-Waterloo. Stats Canada divides this group into those who want to work and those who do not. This very broad segmentation doesn’t provide information on why residents don’t want to work. This could include many reasons including the need to care for a child/parent, discouraged in the job hunt, and financial independence that has allowed for earlier retirement. More meaningfully, we note that 5,000 residents are available, want to work, but are not actively looking. When we combine those with the 10,000 Londoners actively looking, we have a total of 15,000 Londoners without a job, available for work, and who want to work.

Report Diagram 1
2018 London CMA Not Employed Ages 25 to 64
 Source: Stats Canada data from Report Table 1 above and
 custom-generated data charts from Stats Canada



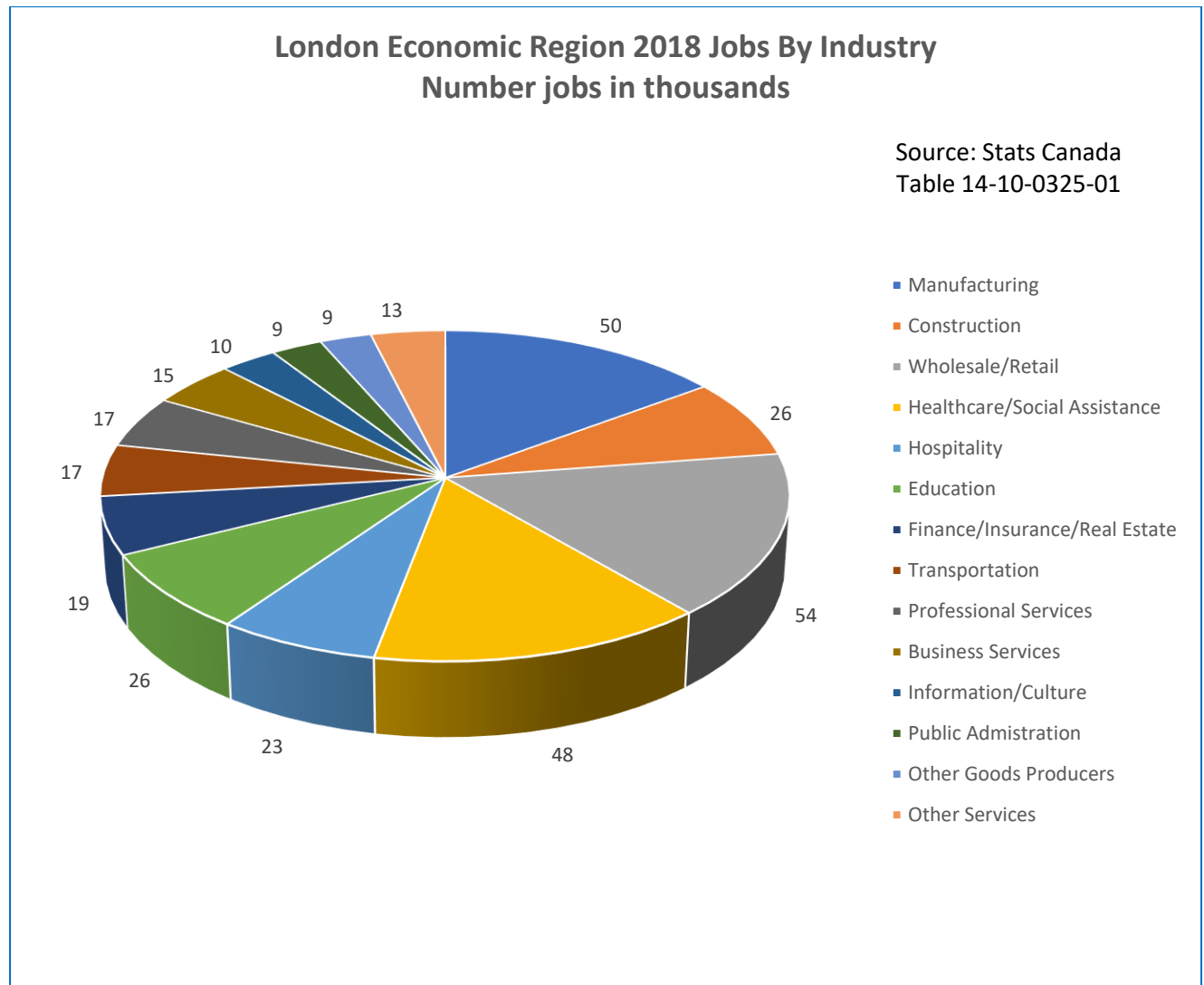
7. The London region continues to enjoy a well-diversified economy and a high percentage of full-time jobs. Stats Canada’s London Economic Region for 2018 shows 336,000 employed (Table 14-10-0092-01). 75% of the employed work in service industries while the other 25% work in the production of goods (construction, manufacturing, agriculture). The top six job sectors, accounting for 2/3 of employment, are wholesale/retail (54,000 jobs), manufacturing (50,000 jobs), healthcare/social assistance (48,000 jobs), construction (26,000 jobs), education (26,000 jobs), and hospitality (23,000 jobs). The rate of growth of services versus goods has been about the same across the past 5 years (in the 4% to 7% range). We have seen declines in agriculture and public administration jobs.

The London Economic Development Corporation’s research (posted on their website) supports the diversity of London’s economy. We are a community of 14,000 employers with a quarter of our jobs in stable public institutions such as schools and hospitals and with no private firm accounting for more than 1.6% of all London jobs.

The March 31, 2019 economic report by London’s Local Employment Planning Council notes that the London Economic Region has a high number of job postings with a concentration on full-time jobs.

Specifically, for the first quarter of 2019, the London Economic Region had, on average, 5,876 job postings of which 79% were for full-time employment.

The take-away for job seekers: London has a broad range of full-time employment opportunities covering the spectrum of industry, education, and skills requirements.



Sincerely,

Michael Meagher
On behalf of the London Jobs Now Task Force