



Sectoral Profile

Business, Building and Other Support Services (BBOSS)

Ontario

2017-2019



Sectoral Profiles provide an overview of recent labour market developments and outlooks for some of the key industries in various regions of the country

- The health of the local economy is the main driver of performance in BBOSS
- Structural changes in Ontario's labour market boosting service needs from segments of the sector
- High levels of residential, non-residential and infrastructure construction adding new, and maintenance opportunities for some BBOSS sectors
- Outsourcing trends helping to drive business growth
- Technological advancement and the Internet of Things (IoT) creating both threats and opportunities.

Overview

The Canadian business, building and other support services (BBOSS) sector is well represented in Ontario. The province accounts for over 40% of the nation's employment within the sector. Approximately 317,000 people are employed in Ontario's BBOSS sectors, with 160,000, or about half of in the Toronto economic region. The BBOSS sector accounts for 4.5% of the total employed individuals in Ontario¹ and contribute approximately

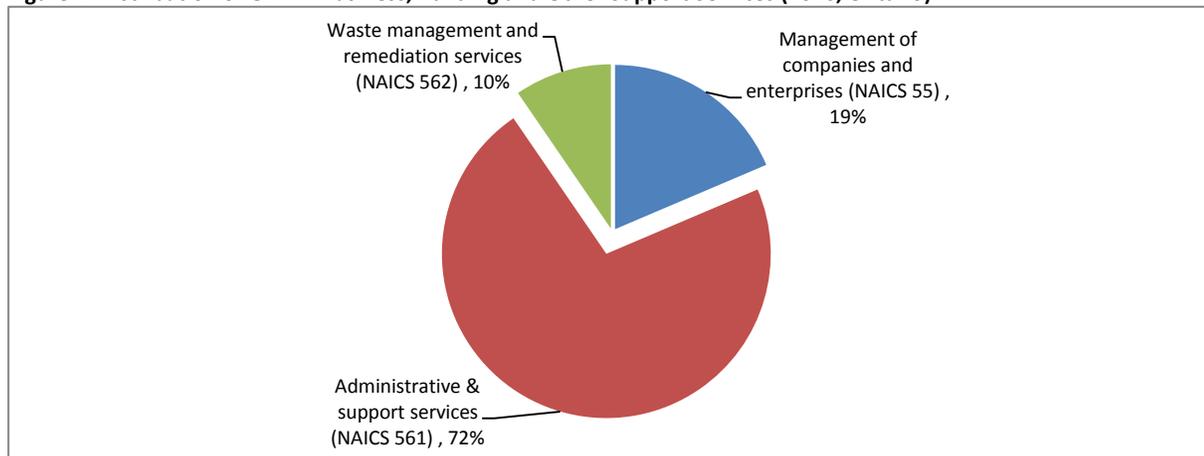
Changing Labour Market Dynamics, and Population & Physical Structures Growth add BBOSS Opportunities
3.8% of Gross Domestic Product (GDP),² making it a relatively smaller sector; however, it provides key services for overall business operations.

The BBOSS sector is comprised of three main components:³

- i. Management of companies and enterprises (NAICS 55)
- ii. Administrative and support services (NAICS 561)
- iii. Waste management and remediation services (NAICS 562)

The administrative and support services subsector is the main driver of activities as it accounts for over 70% of employment and output in BBOSS (Figure 1).

Figure 1: Distribution of GDP in Business, Building and Other Support Services (2016, Ontario)



Source: Statistics Canada. CANSIM Table 379-0030. Gross Domestic Product (GDP) at basic prices, by North American Industry Classification System (NAICS), Chained (2007) dollars.

Subsector Analysis

Administrative and Support Services (NAICS 561)

Employment Services (NAICS 5613)

The employment services sub-sector is the leading contributor to administrative and support services and BBOSS in terms of employment and output. This subsector almost solely caters to the domestic market and with services to businesses accounting for over 80% of its client base, nationally.⁴ However, there is a dichotomy in the markets served, revenue share, and the structure of businesses within its three main operations.⁵ (Table 1).

Table 1: Employment Services Subsectors – Distribution of Sales and Business Establishments

	Employment Placement Agencies & Executive Search Services (NAICS 56131)	Temporary Help Services (NAICS 56132)	Professional Employer Organizations (NAICS 56133)
Distribution of sales in Employment Services (%)	40.3	50.4	9.3
Distribution in sizes of business establishments within each subsector (%)			
Small -sized (1-99 employees)	90.0	63.3	70.0
Medium-sized (100-499 employees)	9.1	33.7	26.7
Large-sized (500+ employees)	0.8	3.0	3.3

Source: Statistics Canada. CANSIM Table 361-0066 - Employment services, sales by type of goods and services (2016) and CANSIM Table 552-0003 - Canadian business counts, location counts with employees, by employment size and North American Industry Classification System (NAICS), December 2015, Ontario.

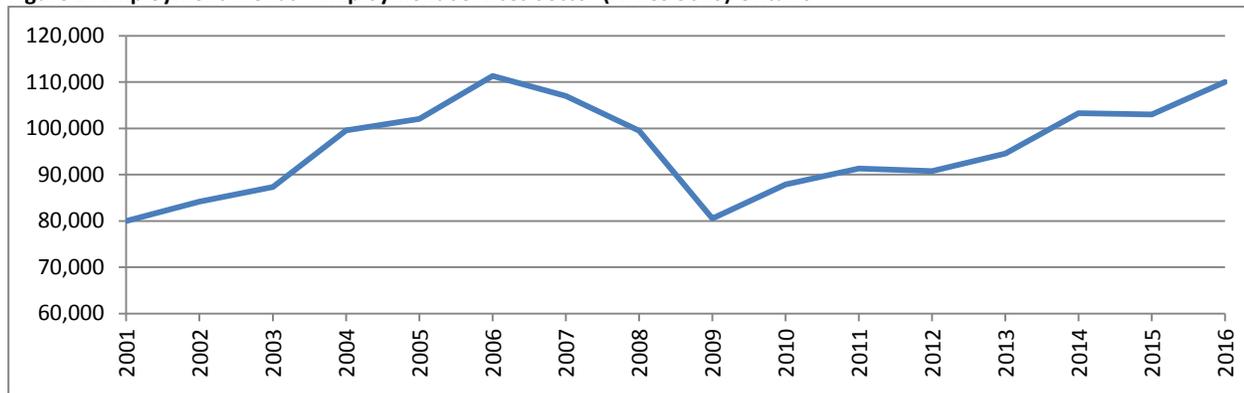
Temporary Help Services

Temporary help services firms often recruit workers for positions which do not require extensive training. They, therefore, provide services to a relatively larger business clientele and supply of workers. This subsector also accounts for half of the sales in the employment services sector nationally, and the individuals provided are categorized as employees of these help services.⁶ This may explain the relatively high share (34%) of medium-sized establishments within this subsector in Ontario (Table 1 above).

Overall, the employment services sector has been expanding for the last several years (Figure 3) and structural changes in the working conditions of a large share of Ontario’s workforce is likely one of the main factors contributing to this increase. Temporary/precarious employment, including contract and part-time jobs are

becoming more prevalent, resulting in greater demand particularly for temporary help services. Significant growth has been reported in the number of these agencies in Ontario over the past decade.⁷ Looking ahead, the gains in the temporary help services may be tempered by the recently introduced provincial legislation, 'Bill 148, the Fair Workplaces, Better Jobs Act, 2017.' This Bill includes increases in the minimum wage and new regulations regarding the employment standards for casual, part-time, temporary and seasonal employees.^{8,9}

Figure 2: Employment Trends - Employment Services Sector (NAICS 5613) Ontario



Source: Statistics Canada. CANSIM Table 281-0024. Survey of Employment, Payrolls and Hours (SEPH).

Employment Placement Agencies and Executive Search Firms

The performance of employment placement agencies and executive search firms is also adding to the growth momentum in the employment services sector. There are indications of phenomenal revenue growth in some of these operations over the last few years.¹⁰ These companies usually serve specialized markets, and also provide related services, such as training and payroll management. The individuals placed in permanent or temporary positions are not categorized as employees of these agencies.¹¹ Many companies are outsourcing human resources and payroll functions to external service providers to focus more on their core business strategies. Also, technological advancement is enabling workers to operate outside of physical office locations, even offshore. In addition, there are considerable concerns about the skills gap in Ontario's labour market. These conditions are prompting service needs from agencies and search firms to recruit local and global high-skilled talent in professions such as information technology, engineering and management.

Occupations - Employment Services

For the entire employment services industry in Ontario, 60% of the workforce is comprised of:

- Business, finance and administration occupations, including human resources and recruitment officers (NOC 1223)
- Trades, transport and equipment operators and related occupations, such as material handlers (NOC 7452)
- Labourers in processing, manufacturing and utilities (NOC 961).

However the high share of the workforce in trades, transport, equipment operators and labourer occupations would mostly reflect individuals placed in client companies of employer services firms.¹²

Services to Building and Dwellings (NAICS 5617)

The services to building and dwellings sub-sector is the second largest contributor to administrative and support services in terms of employment and output. This subsector seems poised for employment and business growth over the forecast period. The bulk of businesses are janitorial services (except window cleaning), and landscaping services.¹³

Population increases in many areas of Ontario and relatively high levels of construction investments in residential and commercial structures will generally add to the stock of facilities requiring services from these operations. Also, the provincial government is rolling out its largest long-term infrastructure plan and this includes priority investments in public transit, highways and transportation, and in educational and health facilities.¹⁴ These projects are also adding business prospects for landscaping companies to provide services such as those related to retaining walls, and for the green areas in institutions and at new rail systems. Greater public sector and community emphasis on the creation of green spaces also bodes well for the subsector. Further, while most activities in the landscaping services industry are seasonal, with higher demand in the spring and summer months, many of these companies also offer snow clearing services¹⁵ and this provides some year-round employment opportunities.

Generally within the BBOSS sector, companies offering services to buildings and dwellings have a disproportionate share (70%) of occupations which require no formal education, and only on-the-job training or a short work demonstration. These occupations include:¹⁶

- Light duty cleaners (NOC 6731)
- Landscaping and grounds maintenance labourers (NOC 8612)
- Janitors, caretakers and building superintendents (NOC 6733)

A relatively high level of staff turnover is therefore expected in these sectors.

Business Support Services (NAICS 5614)

Business Support Services is another significant driver of activities within the administrative and support services sector; telephone call centres is a large part. Over the last few years, some call centres have been ramping up hiring, and adding a significant number of jobs, mostly for technical support staff. However, the sector received news in January which had a negative effect on nearly 500 jobs. Transcom Canada is closing operations in Barrie and Brockville in the spring citing a move to an offshore operation and changes in the business model to work-at-home as factors influencing the closures.^{17,18} In addition, Shaw Communications Inc. is moving its Freedom Mobile call centre business from Windsor to British Columbia.¹⁹

Office Administrative Services (NAICS 5611) and Travel Arrangement and Reservation Services (NAICS 5615)

The employment capacity in office administrative services has weakened over the last few years. Technological advancement and the availability of automated processes to do some of the tasks previously carried out in this sector contributed to this decline.

Meanwhile, the travel arrangement and reservation services sector is experiencing growth in its revenue base,²⁰ despite the popularity of online/self-serve bookings. The retail travel industry has adjusted over the years, including being more focussed on specialized and niche market sales such as for group travel on cruise ships and for other destination travel.^{21,22} However in the future, the sector is expected to have fewer brick-and-mortar establishments and more online and home-based businesses.²³ Currently, it is estimated that home-based agents and independent consultants account for 25-30% of all travel agents nationally.²⁴ This trend could negatively impact job prospects for travel counsellors (NOC 6521) which account for over half of the workforce in the travel arrangement and reservation services sector in Ontario.

This sector is also exposed to the threats posed by disruptive technology and having online-app-based providers, who are not travel agencies, share in their market precincts. Currently, the 'Travel Industry Act, 2002', stipulates that travel agents in Ontario must either be employed or associated with a registered travel agency in the province.²⁵ However, the potential threat arises as this Act is undergoing a general review which considers factors such as increasing consumer protection, and the evolving marketplace including home-sharing services.²⁶

Management of enterprises (NAICS 55)

The management of enterprises is the second largest of the three segments in BBOSS in terms of employment and output. These establishments could be in the form of holding/shell companies which persons, or usually, large corporations utilize as a means to hold and manage equity interests in companies for the purpose of owning a controlling share or influencing management decisions. The establishments could also be head offices involved in managing the company, undertaking strategic planning and decision making for the company.²⁷ However many of these companies have no confirmed payroll/employees on file.²⁸

In the recent past, a few holding companies have increased their ownership shares in establishments in Ontario.^{29,30} In addition, companies continue to consolidate³¹ or invest in new headquarters in the province.³² Yet the sector is impacted as some of these operations have moved out of Ontario,³³ even being offshored, in attempt to reduce operating, administrative and tax expenses.

Further, some changes to federal tax rules could affect businesses such as investment holding companies in this sector.³⁴

Waste Management and Remediation Services (NAICS 562)

Waste collection

Employment and output have grown in the waste management and remediation services sector. There has been a noticeable rise in employment in the waste collection subsector, more than doubling over the decade.³⁵ This could reflect the growing trend by municipalities to outsource some services to third party waste collection service providers. However these contractors are expected to hire less workers than the cumulative number previously employed by municipalities such as public works maintenance equipment operators and related workers (NOC 7522).

Remediation services

The public sector is giving priority focus to addressing environmental and climate change issues, which are supporting business opportunities for remediation companies. Several multi-million dollar projects have recently been completed, planned, and others underway for related projects such as soil remediation of industrial sites, clean up of harbours,^{36,37} mercury-contaminated river system,³⁸ and flood protection of waterfront areas.³⁹

Sub-Provincial Trends

The **Kitchener-Waterloo-Barrie** economic region is experiencing fast population growth, which has exceeded the provincial average over the last five years, 6.6% versus 4.6% respectively.⁴⁰ Coinciding with this growth, are the significant number of infrastructure projects as well as high-rise residential and commercial construction developments planned especially in areas which are in close proximity to the new Tri-City transit stations. These factors, along with the region's large manufacturing base, will add demand for various services within the BBOSS sector.

Northern Ontario, particularly the **Northeast**, is attracting a significant number of residential and non-residential construction investments. There are also notable expansions and new business entrants in the commercial sphere. All of these activities will spur additional demand for many services within the BBOSS sector. Also, a fairly high share of waste management and remediation services, including waste treatment and disposal companies are in the area. Some of these operations will support the natural resource sector, as the region has a high concentration of the province's forestry and metallic mineral mining operations. Activities

such as those related to mine reclamation services will generate demand for these types of businesses. In addition, the region has a large rural belt and there tends to be a high use of septic tanks in these locations.⁴¹ Several of these companies provide maintenance for these structures. Further, public sector initiatives focussed on upgrading water treatment systems⁴² and cleaning up of contaminated rivers⁴³ in Indigenous communities will also boost business prospects.

The **Toronto** economic region is the main economic centre for most commercial and industrial activities in Ontario and continues to have high population growth projections for many areas. This structure will generally sustain a fair level of need for various services from the BBOSS sectors. Specifically, the region accounts for an above-average share of all sizes of business establishments in the employment services industry in Ontario. There are also indications that most of the growth in temporary help services has occurred due to an increase in the number of businesses registered in the Greater Toronto Area (GTA).⁴⁴ The access to a large labour pool could be driving the choice of establishing these businesses in the local economy.

Also, a disproportionate share of the businesses registered under management of companies and enterprises are in the economic region, and this is in line with the concentration of corporate headquarters including those of Canada's five largest banks located in Toronto.

Further, the region is the main recipient of provincial infrastructure projects and private construction investments. The \$1.2B-Port Lands Flood Protection project in Toronto will include extensive earthwork such as soil remediation and is expected to add business opportunities for waste management and related companies.⁴⁵

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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¹ Statistics Canada. CANSIM Table 282-0124 - Labour Force Survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS).

² Statistics Canada. CANSIM Table 379-0030 Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS)

³ [Statistics Canada. Variant of NAICS 2012](#)

⁴ Statistics Canada. CANSIM Table 361-0044 - Employment services, sales by type of client.

⁵ North American Industry Classification System (NAICS) Canada 2012

⁶ [North American Industry Classification System \(NAICS\) Canada 2012.](#)

⁷ Mojtehdzadeh, S. (2017, July 15). 'Temp agencies on rise as province seeks to protect vulnerable workers.' *Toronto Star*. Retrieved from <https://www.thestar.com/news/gta/2017/07/15/temp-agencies-on-rise-as-province-seeks-to-protect-vulnerable-workers.html>

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- ¹² Individuals recruited are categorized as employees of these agencies - [North American Industry Classification System \(NAICS\) Canada 2012](#).
- ¹³ Statistics Canada. CANSIM Table 552-0003. December 2016 Business Counts .
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- ¹⁶ See Skill Level D at: <http://noc.esdc.gc.ca/English/NOC/Tutorial.aspx#10>
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³⁸ The Canadian Press staff. (2017, June 27). 'Ontario spending \$85M to clean up mercury in First Nations.' *CTV News*. Retrieved from <https://www.ctvnews.ca/canada/ontario-spending-85m-to-clean-up-mercury-in-first-nations-1.3479061>

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