

NORTH BAY & DISTRICT
Chamber of Commerce



**2018 Ontario Economic Report
Regional Roundtable
April 16, 2018
North Bay, Ontario**



Business Confidence Survey

Organizational Confidence

- 54 percent of Ontario businesses reported confidence in their own organization's economic outlook.
- This puts organizational confidence at its lowest point since 2012, dropping significantly from 2017 when it was 62 percent.

Confidence in the Ontario Economy

- 48 percent of businesses lack confidence in the Ontario economy.
- Reasons why the business community lacks confidence include:
 - Economic policy from government (75 percent)
 - High price of inputs (62 percent)
 - High business tax rates (61 percent)
 - High level of provincial debt (61 percent)
 - Overregulation of the provincial economy (53 percent)

Business Confidence Survey

How confident are you about Ontario's economic outlook as of right now? / How confident are you in your own organization's economic outlook as of right now?



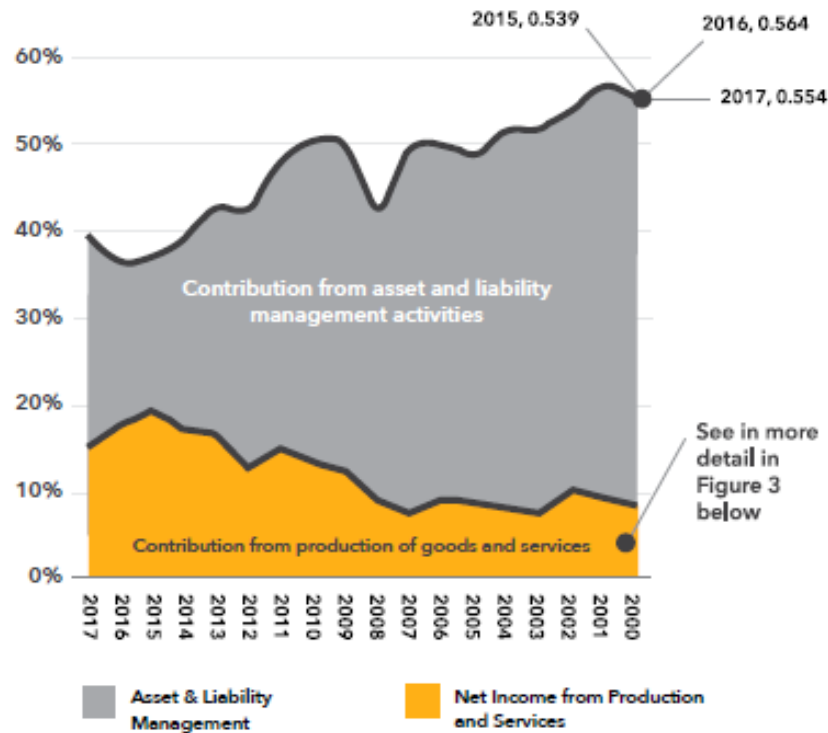
Business Prosperity Index

The BPI is a measure of excess resources available to a business after a years' operation.

- The current BPI for all Ontario businesses is 56.4 percent, which indicates a 4.6 percent increase from the previous year and the highest in more than 20 years.
 - A BPI of 56.4 percent suggests that Ontario businesses are relatively more prosperous than compared to historical levels. This means businesses have more resources available to them to respond to changing business conditions and to reinvest into their businesses.
 - However, the production of goods and services has been responsible for an ever-decreasing contribution to the BPI – in 2017, production activities will represent only 15.3 percent of business prosperity. The current high BPI is not an indication of production prosperity, but rather of financial activities such as the accumulation of asset revaluations and the consistently favourable credit environment.
- Business prosperity is increasingly becoming more dependent upon financial activities.
- A hesitation by business to grow or invest in the face of growing financial resources indicates that Ontario possesses a higher risk operating environment.

Business Prosperity Index

Figure 1: Business Prosperity Index: Ontario



Source: Canadian Centre for Economic Analysis, Statistics Canada

Economic Outlook 2018

Projected Indications for Ontario Economic Regions 2018

- We expect to see a slight stagnation in the Ontario economy:
 - CPI is predicted to increase to 2.2 percent, up from 1.7 percent in 2017.
 - GDP growth will slow to 2.4 percent, compared to 2.8 in 2017.
 - Net migration is expected to decrease to 185,000/year from 190,000/year in 2017.
 - However, the unemployment rate will continue its downward trend, dropping to 5.3 percent (-0.7 percent decline over 2017).

Policy Priorities

The OCC has determined our policy scope through the results of the Business Confidence Survey and the Business Prosperity Index, and on-going consultation with our members.

The process revealed clear areas of focus:

- 1. Transportation Infrastructure and Governance**
- 2. The Health and Life Sciences Sector**

We will also focus on:

- 3. Skills**
- 4. Trade**

These files – alongside our continued work on regulation, taxation, competitiveness, energy, and the environment – represent the needs and interests of the Ontario business community.

The Future of the Ontario Workforce

- Canada ranks highly with respect to skills allocation efficiency, but if we are to be leaders in the knowledge economy there is much we can do to power our labour market.
- **“Skills” as a concept does not capture the immensity of the problem.**
- The shared challenge facing employers and employees is reflective of a skills mismatch, but also a changing labour market.
- The skills mismatch is well-trod ground; the OCC, in designing a council that will guide advocacy work and other activities, will seek to accurately represent the challenge and respond to it in ways that **make us a leader, not a follower.**
 - Build on *Talent in Transition*, our Bill 148 (and potentially 203) advocacy work, our immigration work, and potential partnerships in program delivery.
 - Develop original economic analysis to support our policy work, and to illuminate the challenges.
- Our efforts will serve as an umbrella to a series of initiatives: work completed in 2018 and work we will seek to create in the future.

Vote Prosperity

- Ontario businesses are the backbone of our economy. High input costs alongside the on-going burden of operating in one of the most regulated economies in Canada, is a constraint on business' ability to invest in the human and physical capital required for growth.
- To ensure the next provincial election addresses the most important issues to their survival, *Vote Prosperity* reflects four fundamental pillars for a strong Ontario.
- These pillars collectively identify 18 policy recommendations to help bolster Ontario's long-term economic growth, while addressing the pressing issues of today.





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Thank you!

Karl Baldauf
Vice-President, Policy and Government Relations
karlbaldauf@occ.ca
647-888-2866