



# Aurora Chamber of Commerce

## Media Release

FOR IMMEDIATE RELEASE

### **Input Costs Soar as Confidence and Projected Profits Fall: Ontario Economic Report 2018**

*Ontario Chamber of Commerce reveals consequences of a climate that discourages growth*

**TORONTO, February 7, 2018** - Today the Ontario Chamber of Commerce (OCC) released the second annual Ontario Economic Report (OER), a comprehensive analysis of data and emerging trends on the economic health of the province. Original economic research from the report reveals that 77 per cent of Ontario businesses say access to talent remains the largest impact on their competitiveness and nearly half report a lack of confidence in the province's economy. Meanwhile, a lack of confidence in their own ability to sustain profits continues to decline.

The OER includes data from the OCC's Business Confidence Survey conducted by Fresh Intelligence, a Business Prosperity Index developed by the Canadian Centre for Economic Analysis (CANCEA), and a 2018 Economic Outlook prepared by BMO Financial Group.

"Industry in Ontario are feeling the impact of the rising minimum wage, significant labour reforms, increasing global and US competition, NAFTA renegotiations, consistent overregulation, rising input costs, and challenges to accessing talent," said Rocco Rossi, President and CEO at the Ontario Chamber of Commerce. "This year's Ontario Economic Report indicates that these challenges are creating a climate of low business confidence that will compromise the province's future prosperity."

According to OER findings, 68 percent of firms say the minimum wage increase is predicted to have a negative impact on their business. Compared to last year, they are more likely to project a decline in revenue and a shrinking of their workforce.

Some of the 2018 OER highlights on the outlook of Ontario's economy include:

- **Businesses are losing confidence in Ontario's economy.** In 2012, 47 percent of businesses reported they were confident in Ontario's economic outlook. Today, that share has been halved, as only 23 percent of businesses are confident in the economy.
- **Nearly two-thirds of businesses cite input costs for their lack of confidence,** such as the price of electricity, taxes, and the increase in minimum wage. This is compared to only 31 percent who name competitive barriers such as declining consumer demand or changing client behaviour.
- **One quarter of small businesses in Ontario project declining revenue in 2018,** which is twice the rate of large firms (26 percent vs. 13 percent). Given that the majority of businesses in this province are small, this will likely have a net-negative impact on economic growth.

- **The production of goods and services represents a shrinking contributor to business prosperity.** Production activities represent only 15.3 percent of business prosperity, meaning that prosperity is increasingly becoming more dependent upon financial activities instead of productive activities. This is indicative of Ontario possessing a higher-risk operating environment.
- **Our historically low unemployment rate is a red herring,** as more individuals remove themselves from the workforce or simply give up the search. The percentage of Ontarians not participating in the labour force is at a recent high of 35 percent, contributing to employers' on-going struggle to attract talent.

In addition to new economic research, the OER outlines the areas of focus for the OCC's policy and advocacy work in the year ahead. In 2018, the OCC will be looking at the potential of the health and life sciences sector, examining challenges related to urbanization and housing affordability, and studying the critical transportation needs across the province. As businesses continue to cite access to talent as a top challenge, the OCC will continue to provide proactive recommendations and solutions to ensure we are leveraging our greatest asset—human capital.

For more information about the OER, visit: [www.occ.ca/ontario-economic-report](http://www.occ.ca/ontario-economic-report)

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The Aurora Chamber of Commerce is a politically independent, membership-based, volunteer-driven, not-for-profit organization. Our mission is to lead and serve the Aurora business community. Our goal is to build, drive and positively influence the economic landscape of Aurora. The Aurora Chamber acts as an advocate for the 1,400 plus businesses in our community, while facilitating opportunities for businesses to promote themselves locally and regionally, do business with one another, enjoy savings and value through various benefit programs, and gain knowledge through dozens of events and seminars each year.

[Learn more](#) about the Aurora Chamber of Commerce.

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