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MEDIA RELEASE

BUSINESS CONFIDENCE IMPROVES BUT MORE REMAINS TO BE DONE: 2019 ONTARIO ECONOMIC OUTLOOK

2019 Ontario Economic Report outlines vulnerabilities and opportunities within the Ontario economy

FOR IMMEDIATE RELEASE

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Sault Ste. Marie, ON – On Tuesday, the Sault Ste. Marie Chamber of Commerce (SSMCOC) and the Ontario Chamber of Commerce (OCC) released their third annual Ontario Economic Report (OER), offering a unique perspective on the experience of businesses of all sizes across the province. Through the Business Confidence Survey, the Business Prosperity Index, and the Economic Outlook, this report presents a candid look at private sector sentiment and opportunities for economic growth for the year ahead.

“New research shows that businesses are gaining confidence in Ontario’s economic outlook as well as gaining confidence in themselves. At the same time, challenges relating to access to talent, embracing technological innovations, and the cost of doing business—including regulation, taxation, and input prices—remain major sources of concern,” says Rocco Rossi, President and CEO of the OCC. “Ontario’s overall prosperity depends on the strength of its regional economies, yet these vulnerabilities are expected to be most acutely felt in rural regions of the province. We should all be concerned that the province’s employment growth has been largely concentrated in the Greater Golden Horseshoe since 2003, while other regions have experienced slow or even negative growth during that same period.”

The OER is aimed at shaping and informing future public policy and will act as a reference and benchmark for debate and policy change.

Some key takeaways of this year’s report include:

- Confidence in Ontario’s economic outlook has improved. 30% of members surveyed expressed confidence in Ontario’s outlook for 2019, up 7 percentage points compared to last year.
- Despite a more optimistic outlook for 2019, decreasing levels of organizational and economic confidence over the years have impacted business’ willingness to invest, take risks, and adopt technological advancements.
- Businesses are gaining confidence in themselves. 61% of respondents reported confidence in their own organization’s economic outlook heading into 2019, a 7-point increase from last year.
- Revenue projections for 2019 are more positive than those of 2018. 86% of respondents believe their organization’s revenues will increase or stay the same over the next twelve months, with only 14% anticipating a decline. This represents a notable change in direction from 2018, when 27% were projecting their revenue to decrease.

In Ontario’s North Eastern Region, business feedback skewed just slightly more cautious than the provincial averages.

The Sault Ste. Marie Chamber of Commerce notes that the percentage of northern businesses expressing confidence in the province’s economic outlook came in about 5 percentage points less than the provincial average, but that this was still up from the numbers that it saw last year at the same time when it reviewed responses from Sault Ste. Marie and Sudbury. There was also a much larger sample of northern businesses that took a neutral or undecided view of Ontario’s outlook in the more recent survey, meaning that the percentage of northern businesses that have a decidedly negative view of the provincial outlook has dropped since last year.

Businesses in the North Eastern region were also more cautious about their own economic outlook, with 57% expressing confidence, compared to the provincial average of 61%. This outlook however, also appears more positive than it did one year ago.

Over the last several years, the OCC has tried to better understand what Ontario businesses see as critical to their organization's ability to thrive. Through multiple iterations of its business confidence survey, certain factors have been added or subtracted, depending on the amount of traction they receive, to best capture the most important considerations for organizational competitiveness. In 2019, nine critical success factors were identified, with the ability to recruit and retain talent (75%) emerging as the largest area of agreement among survey respondents.

In North Eastern Ontario, difficulty finding and retaining staff was cited as the number one reason why respondents were less confident about their organization's economic outlook, with 50% identifying this as a challenge.

32% of business respondents from the region also cited an aging population as a key challenge to their organization's economic outlook.

The OER notes that "the problem of finding and recruiting talent is particularly acute in rural Ontario, where a series of technological and demographic shifts have brought a unique set of challenges. Major developments such as intensified cross-border economic competition, an aging population, urbanization, and the upheaval of traditional manufacturing and agriculture sectors have been deeply felt in Ontario's Indigenous and rural communities as well as small- and medium-sized towns."

"Since 2003, employment growth has largely been concentrated in the Greater Golden Horseshoe, while other regions have experienced slow or even negative growth. Between 2003 and 2017, the GTA and Central Ontario (defined as the area surrounding the GTA) accounted for 93% of the 915,000 net new jobs created in the province, while Northern Ontario's net employment numbers declined by 23,600 jobs over the same period.

"This year will be a formative year for the Ontario economy. We are calling on decision-makers to develop thoughtful policies that foster competitiveness and address the potential vulnerabilities that loom large within our province," states Don Mitchell, President of the Sault Ste. Marie Chamber of Commerce. "We need to take action and address these challenges to build a stronger Ontario for years to come."

Mitchell notes that the 2019 OER refers several times to the fact that Ontario's overall prosperity ultimately depends on the strength of its regional economies. He reiterates that creating the institutional infrastructure for Ontario's regional economies to become more economically diverse and globally competitive should be a focus as the provincial government develops new strategies on transportation infrastructure, broadband internet, and the forestry and tourism sectors in 2019. The Sault Ste. Marie Chamber of Commerce has been advocating on each of these points in recent years. He also adds that the recent emergence of Algoma Steel from CCAA should further bolster local business confidence.

As Ontario's economy continues to face many challenges outlined in the OER, the OCC's 2019 Ontario Economic Summit will be dedicated to the question of competitiveness with an agenda that will explore how our province can lead in innovation, knowledge-generation, and trade. The Ontario and Sault Ste. Marie Chambers will be engaging their members, government and other leaders to explore these issues and develop the necessary solutions to drive forward a competitive province for years to come.

[Read the 2019 Ontario Economic Report here.](#)

About the Sault Ste. Marie Chamber of Commerce

The Sault Ste. Marie Chamber of Commerce represents the interests of 700 plus business and agencies in Sault Ste. Marie and has been serving the needs of this community since 1889. The Sault Ste. Marie Chamber of Commerce will lead the way as the voice of business, advancing economic prosperity for its membership and the business community. Learn more about the SSMCOC at www.ssmcoc.com

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