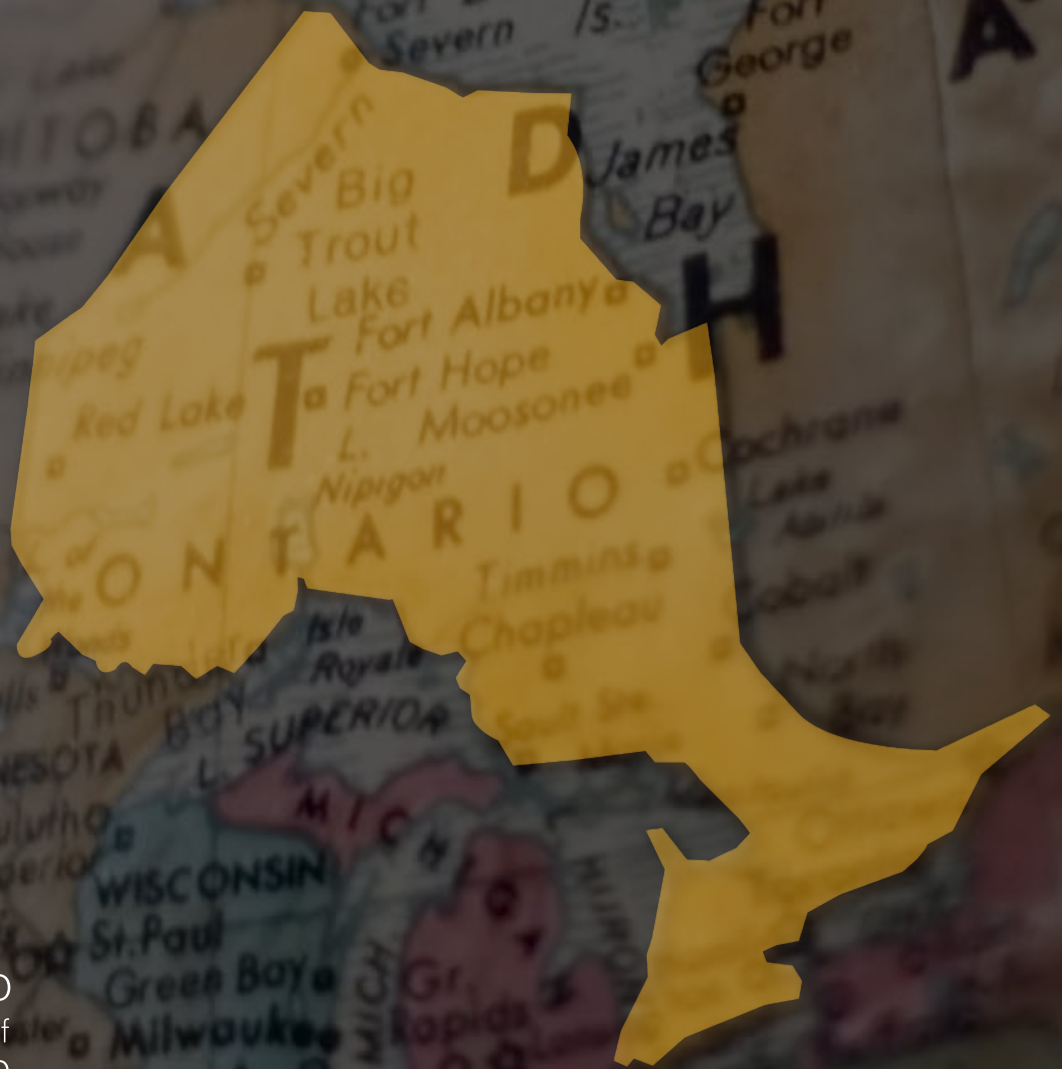


2018 ONTARIO ECONOMIC REPORT



ontario
chamber of
commerce

ABOUT THE ONTARIO CHAMBER OF COMMERCE

For more than a century, the Ontario Chamber of Commerce (OCC) has been the independent, non-partisan voice of Ontario business. Our mission is to support economic growth in Ontario by defending business priorities at Queen's Park on behalf of our network's diverse 60,000 members.

From innovative SMEs to established multi-national corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all sectors. We represent local chambers of commerce and boards of trade in over 135 communities across Ontario, steering public policy conversations provincially and within local communities. Through our focused programs and services, we enable companies to grow at home and in export markets.

The OCC provides exclusive support, networking opportunities, and access to innovative insight and analysis for our members. Through our export programs, we have approved over 1,300 applications, and companies have reported results of over \$250 million in export sales.



The OCC is Ontario's business advocate.

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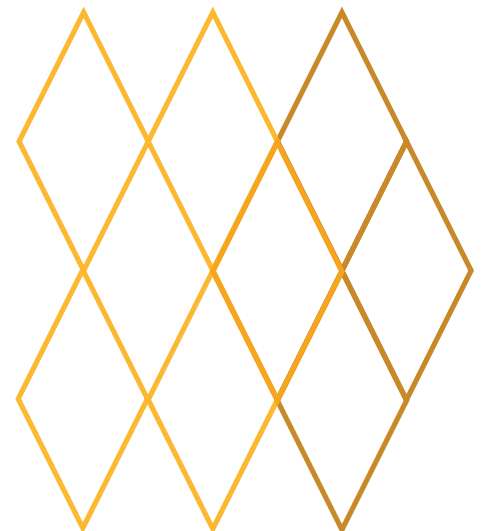


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LETTER FROM THE PRESIDENT & CEO

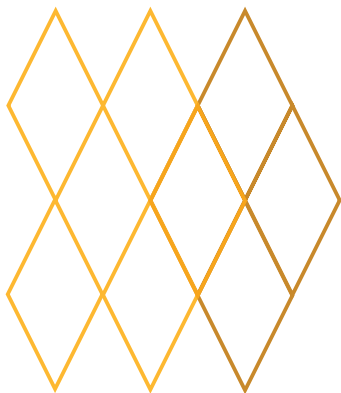


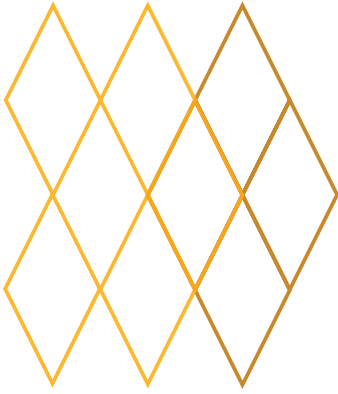
On behalf of the Ontario Chamber of Commerce (OCC), I am pleased to present our 2018 Ontario Economic Report (OER). As the landmark research platform for Ontario's leading business advocacy organization, the OER presents a new perspective on the economic health of our province. Through the Business Confidence Survey, the Business Prosperity Index, and the Economic Outlook, this document highlights data that will lead to a candid conversation about how to support economic growth in Ontario.

This year, clear trends have emerged that together demonstrate serious vulnerability within our economy, driven by low business confidence and a climate that discourages growth. Industry in Ontario is feeling the impact of a rising minimum wage and substantial labour reforms, increasing global and US competition, consistent overregulation, rising input costs (particularly, electricity), and a tax system that is unable to relieve these pressures. All these factors are impeding the prosperity of Ontario's businesses.

What have we learned from the 2018 OER?

- **Businesses are losing confidence in themselves.** In 2017, we identified the “confidence gap” between how businesses view the economic outlook of their own organizations versus that of the province. At the time, the gap was 38 points, with business indicating a stronger confidence in their organizational outlook than Ontario's. The gap has now narrowed to 31 points due to a dramatic decline in businesses' confidence in their own prospects.
- **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 in every four small businesses in Ontario projects 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 our economic growth.
- **The production of goods and services represent 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 indicates that Ontario has a higher-risk operating environment for business.
- **Our historically low unemployment rate is deceptive,** as more people remove themselves from the workforce or simply give up the search. The share of Ontarians not in the labour force continues its rapid rise, highlighting one of the ways in which Ontario's economy is structurally changing.





These five points deepen our concern that the Ontario economy will weaken and that we will see stagnation in 2018. The Consumer Price Index is predicted to increase to 2.2 percent (from 1.7 percent in 2017), reflecting a rise in the price of market goods and services. Coupled with a continued decline in housing affordability, it is clear that the vulnerabilities in our economy should be of concern to all Ontarians, not just industry.

These insights have provided the OCC with policy direction for the year, beginning with our election platform *Vote Prosperity*, which contains 18 tangible recommendations for economic growth. Achieving economic prosperity despite the identified challenges will require focused advocacy around key issues. That is why, in addition to fresh data, the OER articulates the areas of focus for our policy and advocacy work in the year ahead.

One of those priorities is the health and life sciences sector, which will present a continuation of the substantial health transformation work the OCC has undertaken since 2016. Our public health care system and our world-class research and development infrastructure should give Ontario an advantage in the global economy. Yet health care is regarded as a cost driver rather than an economic opportunity, undermining our province's tremendous potential in this space.

Housing will also be a priority for the OCC this year. As noted in the Business Prosperity Index, shelter affordability impacts all Ontarians, including businesses. Given that industry is an integral part of every community and is subsequently impacted by policies related to housing, land use planning and public transit, it is critical that they be at the table when decisions on these files are made.

Lastly, we will sharpen our focus on infrastructure by examining solutions to our current and future transportation needs. Broadly, the province is facing a significant transportation deficit, resulting in increased congestion and decreased productivity. The OCC will dedicate 2018 to identifying investments and strategies necessary to build an effective and sustainable province-wide transportation network.

As always, the OCC will engage our members, government and industry leaders throughout 2018 as we further explore the issues and opportunities that have emerged from the OER. We look forward to many productive conversations with our partners over the coming year.

Sincerely

Rocco Rossi
President and CEO, Ontario Chamber of Commerce

2017 ADVOCACY IMPACT

Small Business Tax Deduction

- ◇ **ASK:** As part of our Bill 148 advocacy work, the OCC has consistently urged the government to provide a comprehensive package of offsets, which included a call for a reduction in the small business tax rate.
- ◆ **WIN:** As part of the Fall Economic Statement, the government announced a 1 percent cut in the small business Corporate Income Tax (CIT) rate from 4.5 percent to 3.5 percent.

Bridging The Digital Divide: High-Speed Internet In The Ring Of Fire

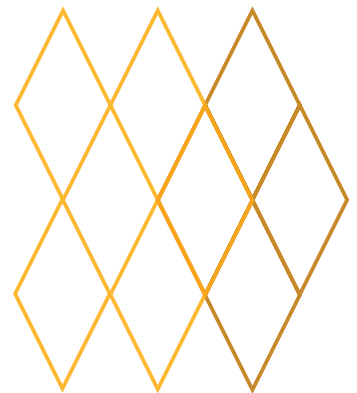
- ◇ **ASK:** The OCC has long recognized that inadequate access to high-speed internet is compromising the ability of communities across Ontario to attract and retain businesses. As such, the OCC urged government in both our 2016 and 2017 provincial and federal pre-budget submissions to invest in high-speed internet, as it is a basic infrastructure need essential for business.
- ◆ **WIN:** In a joint federal-provincial announcement on October 6, 2017, each government committed the necessary funding to bring high-speed internet to the mineral-rich Ring of Fire region in Ontario. This funding will help residents and businesses in the North, bridge the digital divide.

Regional Transportation Fare Integration

- ◇ **ASK:** At its 2016 Annual General Meeting, the Ontario Chamber Network passed a resolution advocating for fare integration in the Greater Toronto Hamilton Area (GTHA). It is our position that a fully integrated fare system would make for a more customer-friendly, seamless and affordable transit network while helping to alleviate wider-region traffic congestion and gridlock.
- ◆ **WIN:** On October 5, 2017, the Ontario government signaled it is moving towards improved public transit integration within the GTHA. Effective January 2018, the Ontario government is lowering the cost of commuting by introducing a 50 percent discount for PRESTO card users who transfer between GO Transit or the Union Pearson Express (UP Express) and the Toronto Transit Commission (TTC) in both directions.

Modernizing The Connecting Links Funding Program

- ◇ **ASK:** In our [2017 Provincial Pre-Budget Submission](#), we called for a one-time, \$30-million enhancement of the Connecting Links fund as a transitional measure to assist affected communities in addressing the two-year gap in which the program was discontinued.
- ◆ **WIN:** In Budget 2017 the government announced that funding for the Connecting Links program will increase to \$30 million per year by 2018-9.



Modernizing Apprenticeships for Small Business

◇ **ASK:** In our report, [Talent in Transition: Addressing the Skills Mismatch in Ontario](#), we recommended that the government collaborate with business and education stakeholders to increase employers' awareness of the consortium model for apprentices.

◇ **WIN:** In its Fall Economic Statement, the government proposed supporting multiple employers to pool together and form consortia to hire, register and train their apprentices for skilled trades. This will support the development of a workforce that is responsive to Ontario's local labour market needs.

Strengthening and Modernizing Workplace Defined Pension Plans

◇ **ASK:** In a September 2016 open letter to Minister Sousa, the OCC advocated that the Ontario government eliminate the current solvency rules and adopt a strengthened going concern approach for Defined Benefit (DB) pension plans. In partnership with the Canadian Manufacturers and Exporters (CME), the OCC highlighted the need to enhance the affordability of these plans for plan sponsors, so as to reduce the competitiveness concerns of the business community.

◇ **WIN:** On May 19, 2017, the Ontario government signaled it will implement a new framework for DB pension plans by adopting a going concern approach. This shift will yield huge cost savings for businesses that sponsor DB pension plans.

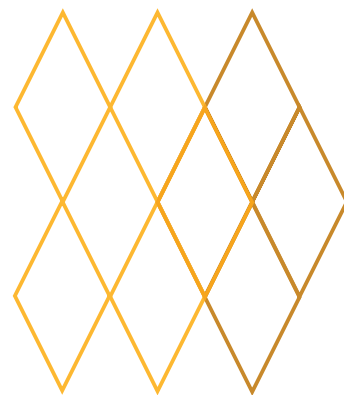
Opening Government Procurement to Small Business

◇ **ASK:** Recognizing the barriers faced by Ontario small and medium-sized enterprises (SMEs) to winning public procurement contracts, the OCC urged government to adopt new methods to encourage small business participation in the procurement process. In two reports, [Adopting our Advantage: Supporting a Thriving Health Science Sector in Ontario](#) and [Breaking Barriers: Ontario's Scale Up Challenge](#), the OCC recommended that the provincial government consider leveraging public procurement to strategically support small business as well as modernize the approach to procurement generally.

◇ **WIN:** As part of the May 2017 announcement of legislation intended to reduce red tape for small business, the government proposed the introduction of a preferred procurement policy to provide improved access for SMEs to government contracts.

ISSUE IN FOCUS: BILL 148

In 2017, the OCC led a broad employer coalition, *Keep Ontario Working*, in response to the significant reforms in Bill 148, the *Fair Workplaces, Better Jobs Act*. The organization achieved substantive media coverage and advanced an important message in almost 50 communities across Ontario. While the government refrained from amending the bill, we were able to ensure that an evidenced-based employer perspective was represented throughout the debate. With some offsets to the bill's impact were announced in the 2017 Fall Economic Statement, further mitigation remains a possibility.



One-Window Concierge Service For Ontario Business

◇ **ASK:** Cutting red tape for business has been a key component of the advocacy work of the OCC. During our Small Business Too Big to Ignore campaign, culminating in the [Obstacles and Opportunities](#) report, the OCC urged government to establish a “one-window regulatory concierge service” to assist small businesses in understanding, navigating, and achieving compliance with relevant regulatory requirements.

◆ **WIN:** In May 2017, the government announced that it will introduce new legislation to cut unnecessary red tape for business by introducing a “one-window service” to help small businesses. The program promises to help small businesses access support, information, and resources when navigating Ontario’s regulatory environment. In October, the government announced that by 2020, it will designate 33 percent of its procurement spending to SMEs as well as develop initiatives to make it easier for SMEs to submit bids. They also announced the Small Business Access program which will provide online and telephone supports for small businesses in their interactions with government.

Scheduling Exemptions for the Manufacturing Sector

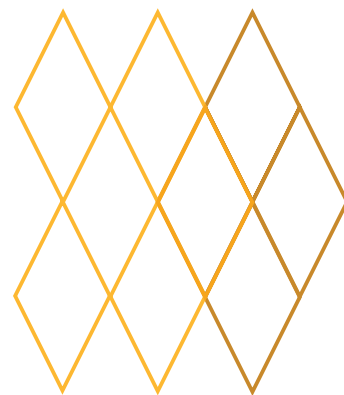
◇ **ASK:** Prior to third reading, Bill 148 (*Fair Workplaces, Better Jobs Act*) lacked specificity as to which sectors are exempt from legislative scheduling provisions. In partnership with the Keep Ontario Working coalition, the OCC highlighted the potential confusion and negative impacts these regulations would have on certain sectors, urging the government to ensure that the provisions allow for certain sectoral exemptions.

◆ **WIN:** The government recognized this concern and committed to working with employers and employees within the manufacturing sector to determine the extent the scheduling changes will impact industry, and allow for exemptions.

Clarification on Cap and Trade to Support Business

◇ **ASK:** In an open letter to the Premier, the OCC called for government to prioritize the allocation of cap and trade revenue for businesses, prioritize innovation funding, create greater post-2020 design certainty, and monitor and respond to regional impacts.

◆ **WIN:** In Budget 2017, the Ontario government provided some clarification as to how the cap and trade auction proceeds will be spent. With expected revenues of \$1.8 billion in 2017-8 and \$1.4 billion in 2018-9, Budget 2017 details that \$800 million will go directly towards helping homes and businesses adopt low-carbon technologies while a further \$410 million towards implementation of Green Investment Fund initiatives.



Supporting Innovation in the Ontario Health Care System

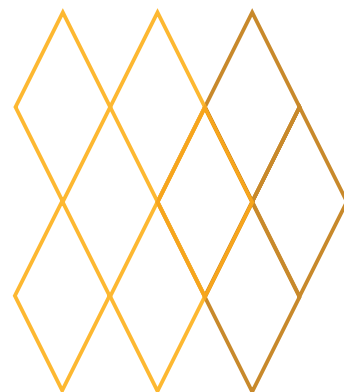
- ◇ **ASK:** In the 2016 Health Transformation Initiative, the OCC asked for improved pathways for Ontario health and life science technologies into our public health care system as well as more supports for start-ups in this sector to bridge the commercialization “valley of death”.
- ◆ **WIN:** On April 3, 2017, the Minister of Health and Long-Term Care announced the first recipients of the Health Technologies Fund, which supports the development of technologies that can bring value and improved care to the health care system. Additionally, the minister named the first three Innovation Brokers, who are leaders capable of connecting providers, patients, and other stakeholders to innovative health technology companies.

Procurement Reform in the Health Care System

- ◇ **ASK:** In our report [*Prescription for Partnership: How New Models of Collaboration in Health Care Can Make Outcomes a Priority*](#), the OCC asked that the government move to a value-based procurement model in the health care system, so that innovative technologies can be more easily adopted by health institutions, solutions are created in collaboration with industry, and that the needs of patients and providers are better reflected in the purchasing process.
- ◆ **WIN:** In 2017, the Ministry of Health and Long-Term Care announced the Value-Based Innovation Program, which is intended to leverage the public health system to more rapidly source and scale health technologies across the province as well as recognize the needs of providers and patients and work with industry leaders to develop solutions to health challenges.

Financial Literacy and Skills for the Knowledge Economy

- ◇ **ASK:** Through our policy resolution process, the Ontario Chamber Network identified the need to enhance financial literacy and experiential learning opportunities available to high school students, post-secondary students, and recent graduates, ensuring young people enter the workforce with the skills they need to succeed in the knowledge economy.
- ◆ **WIN:** In Budget 2017, the Ontario government reiterated its support for inserting financial literacy into the secondary school curriculum past the pilot stage. It also identified further career studies pilot projects to be launched, including those centred around career/life planning, entrepreneurship skills, and digital literacy.



WHAT POLITICAL LEADERS ARE SAYING



Kathleen Wynne

Premier of Ontario, Leader of the Ontario Liberal Party

“The insight and expertise the Ontario Chamber of Commerce brings to the table makes it a valuable partner in growing Ontario’s economy. We have had another productive year of working together, with clear indications we’re on the right path: Ontario’s real GDP growth has exceeded that of Canada and all other G7 nations for the past three years, unemployment is at its lowest rate in 17 years and corporate profits are high. But that rising tide is not lifting all boats — and that’s not fair. In a province as wealthy as Ontario, people should be able to look after themselves and their families. Our government is taking a stand on behalf of workers, increasing the minimum wage to \$14 and then to \$15 an hour, because people cannot wait. We are building a fairer, better Ontario right now.”



Vic Fideli

Interim Leader of the Official Opposition, Interim Leader of the Ontario Progressive Conservative Party

“Ontario’s businesses, from Bay Street to Main Street, are the backbone of our economy. Yet under the Wynne Liberals businesses across the province are struggling to get ahead. Whether it’s skyrocketing hydro rates, the rapid increase to the minimum wage, the cap-and-trade cash grab, or red tape, businesses need relief. Only the Ontario PCs have a plan to create jobs, make the province the most competitive place to do business, and get Ontario back on track. We look forward to continuing to work together with the Ontario Chamber of Commerce to help businesses invest again, grow again, and hire again in our province.”



Andrea Horwath

Leader of Ontario's New Democratic Party

“Drawing from communities around the world, Ontario is home to a diverse, vibrant work force and a dynamic business community. Our government should support and enrich this community through careful economic and environmental stewardship, and investment in infrastructure and services.

Working with experts like the OCC, I know we can restore the business community’s faith in Ontario government, while building a secure, equitable future for all Ontarians. Building a better Ontario and a stronger economy means focusing on what matters, and building a province where everyone can find affordable housing, access health and social services as needed, and get home safely every day after work.

Together, we can build on the things that are working, and fix the things that aren’t, so all Ontario businesses and families can have hope, and can plan ahead for a brighter future.”

WHAT BUSINESS LEADERS ARE SAYING



Carol Wilding
President & CEO, CPA Ontario

“I would like to thank the Ontario Chamber of Commerce for the work they do to support Ontario’s businesses. Our economy is growing on the strength of the people and companies who are innovating and creating new jobs in our province. Every day, start-ups are launching, new businesses are growing – and that has a direct impact on people’s lives. When people can get ahead, that helps our economy stay ahead too. Our government is committed to supporting businesses and our communities by making investments that will ensure Ontario continues to remain competitive, create jobs, strengthen the economy and help people in their everyday lives.”



Kevin Lynch
The Honourable Kevin G. Lynch, P.C., O.C., Ph.D., LL.D
Vice-Chair, BMO Financial Group

“Ontario has a diversified, sophisticated and resilient economy, one that is in the midst of adjusting to technological disruption, market shifts and talent attraction. Developments elsewhere, whether it is threats to terminate NAFTA, U.S. tax reform, Brexit, regulatory changes, etc reinforce the importance of a laser focus on maintaining and enhancing the competitiveness of the Ontario economy. While the nature of what it takes to be competitive is changing, the need to be globally competitive has not, something the Ontario Chamber of Commerce continually champions for the betterment of all Ontarians.”



Ayman Antoun
President, IBM Canada

“IBM is proud to have contributed to the Ontario economy for over 100 years. The Ontario Chamber of Commerce shares IBM’s vision for the province and its competitiveness. Their Ontario Economic Report is a valuable and informative tool grounded in evidenced-based analyses and research, which provides new insight into the importance of business prosperity to Ontario.”

BUSINESS CONFIDENCE SURVEY





BUSINESS CONFIDENCE SURVEY¹

The OCC regularly surveys its members to understand the experience of business in Ontario. This data provides a grassroots look at the economy, and can reveal developing trends in economic activity.

In the 2017 OER, 62 percent of Ontario businesses reported confidence in their own organization's economic outlook. This year, the OCC has observed a significant drop in that confidence, to 54 percent. This decline puts organizational confidence at its lowest point since we began measuring in 2012.

Similarly, we have observed a decline in business confidence in Ontario's overall economic outlook. In 2017, 41 percent of businesses lacked confidence in the economy. In 2018, that number has risen significantly to 48 percent.

How confident are you about Ontario's economic outlook as of right now?



This decline in confidence reflects a trend the OCC has observed since 2012. At that time, business confidence in the economy was at 47 percent.² This year it is half that, at a low of 23 percent.

The reasons why the business community lacks confidence in the Ontario economy are reflective of what the OCC has heard from industry in qualitative settings. The number one explanation, cited by three-quarters of respondents, is economic policy from government. This is followed by the high price of inputs such as raw materials and electricity (62 percent), high business tax rates, and a high level of provincial debt (both cited by 61 percent of businesses). More than half (53 percent) also indicate that overregulation of the economy is a cause for concern.

Large companies are more likely to cite economic policy as driving their low confidence in the economy compared to SMEs (88% vs. 76%), along with high provincial debt (76% vs. 60%) and overregulation of the economy (72% vs. 52%).

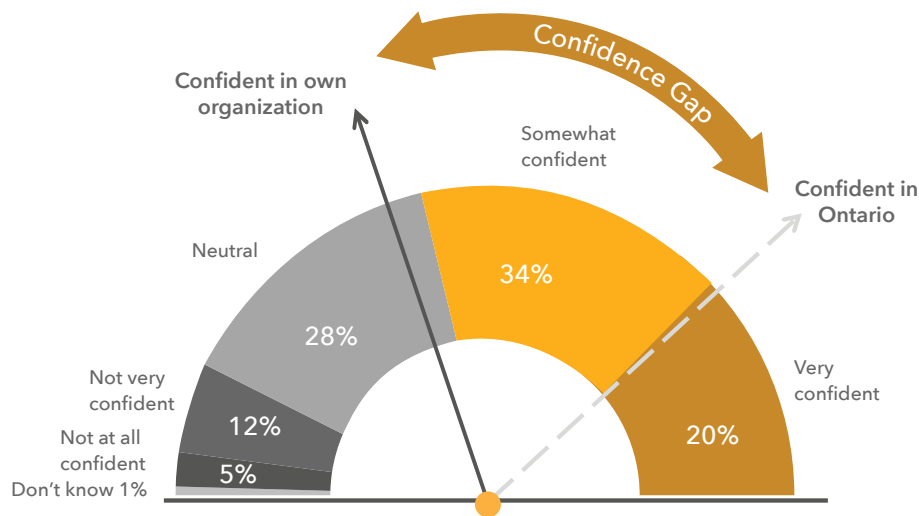
¹ A survey of n=1046 OCC members was conducted online by Fresh Intelligence between September 20 and November 3, 2017.

² A survey of n=420 OCC members conducted online by Leger in September 2011.

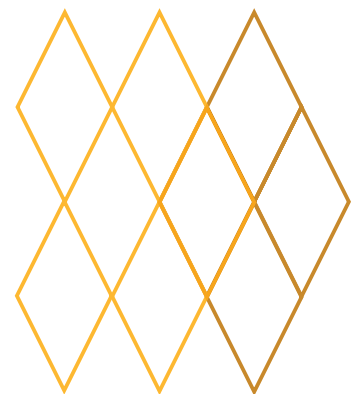
However, many Ontario businesses see cause for optimism. Forty-four percent cite recent economic growth projections as a reason they are confident in the provincial economy, while 35 percent gain confidence from population growth projections. A third also cite Ontario's skilled and productive workforce, as well as solid consumer confidence.

In 2017, we identified the “confidence gap” between how businesses view the economic outlook of their own organizations versus that of the province as a whole. At the time, the gap was 38 points, with business indicating a stronger confidence in their organizational outlook than Ontario's. This year, the gap has narrowed to 31 points due to a dramatic decline in organizational confidence.

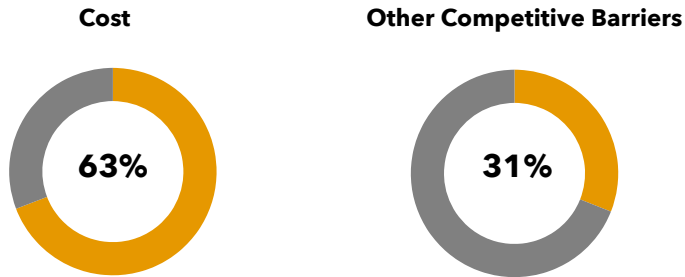
How confident are you about Ontario's economic outlook as of right now? / How confident are you in your own organization's economic outlook as of right now?



This decline is largely due to the cost of doing business and not increased competition. Two-thirds cite regulatory and/or tax burdens as undermining their confidence, and 62 percent point to rising input costs. Forty-four percent continue to struggle with hiring or retaining staff, a challenge that is particularly acute for medium-sized businesses (57 percent).



Which of the following explain why you are not confident about your organization's economic outlook?



63% of Ontario businesses cite cost reasons for their lack of confidence, such as the price of raw materials and electricity, regulation, taxes, and the increase in the minimum wage.

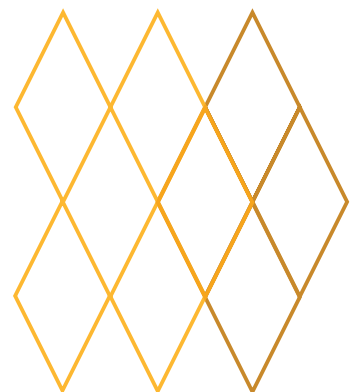
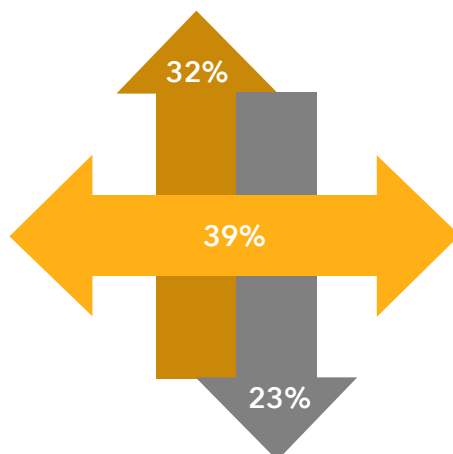
Compared to only **31%** who name competitive barriers, such as other market players, declining consumer demand to changing client behaviour.

In contrast, the explanations given by those businesses confident in their organization's economic outlook are largely due to individual firm or market trends: a growing client base (66 percent) or increased demand for their product/service (62 percent).

Revenue and Staffing Projections

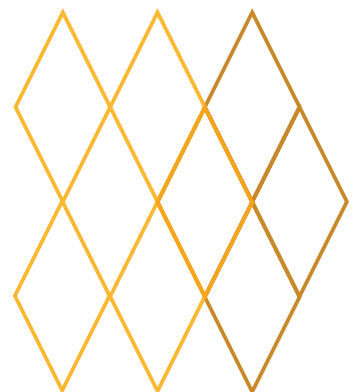
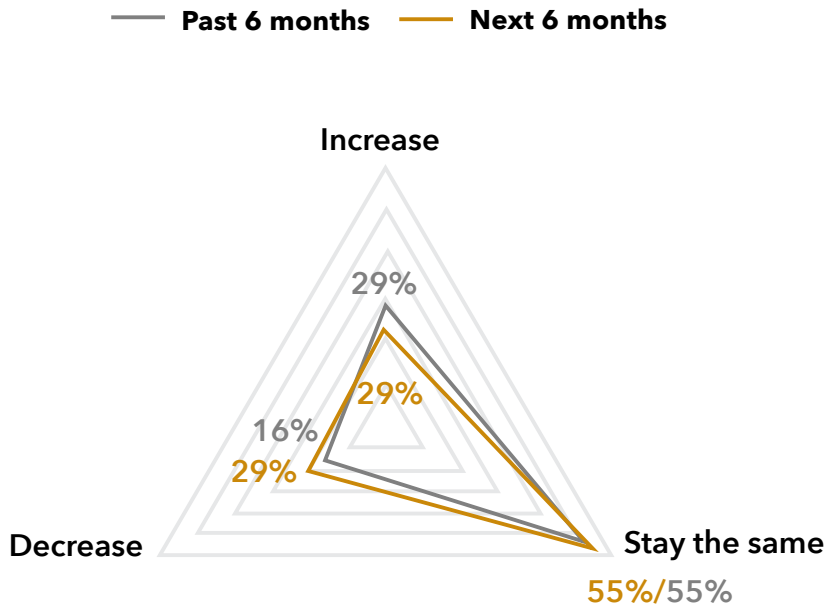
Ontario businesses are significantly more likely to project a decrease in revenue for 2018 than they were for 2017. Last year, a plurality of firms predicted an increase in revenue (43 percent); this year, a plurality expect revenue to hold steady (39 percent). Twenty-three percent expect to see a decrease, up from 19 percent last year. SMEs are more likely than large firms to expect a decline (26 percent vs. 13 percent). Small businesses are significantly more likely to predict a decline in revenue in 2018 (26 percent) than they did in 2017 (20 percent). This is concerning from an economic growth perspective and especially for the survival of small businesses.

Based on the way the Ontario economy is operating now, do you expect your organization's revenue to increase, stay the same, or decrease in the next 12 months?



Firms are also more likely to report a decrease in their workforce in the past six months than they were over that same period last year. Similarly, they are more likely to expect that their workforce will continue to decrease over the next six months. The trend for more than half of businesses is to hold the number of employees steady, indicating poor job growth going into 2018.

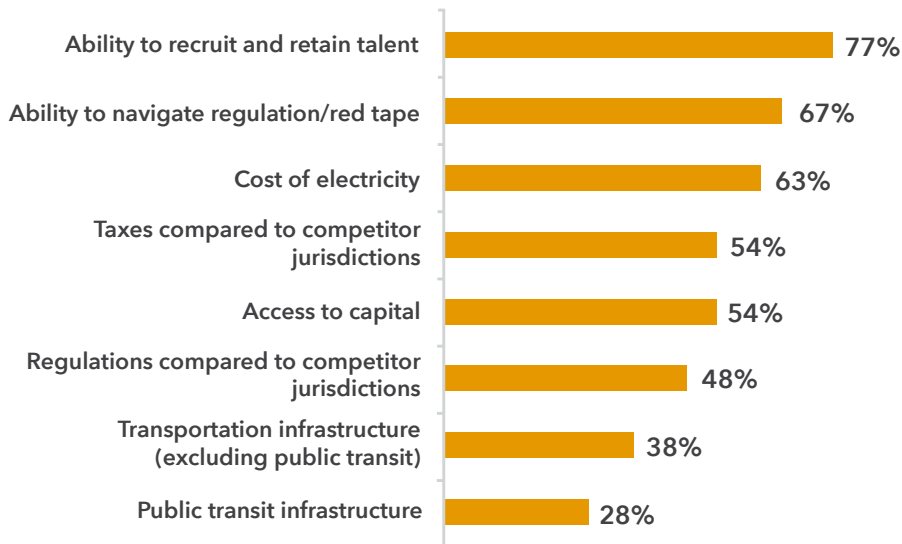
Over the past 6 months, has your workforce... / In the next 6 months do you expect your workforce to...



Organizational Competitiveness

What do Ontario businesses see as critical to their organization's ability to thrive? The ability to recruit and retain talent remains of top importance (77 percent), regardless of business size. This is followed by the ability to navigate regulation and red tape (67 percent) and the cost of electricity (63 percent).

There are a number of factors that contribute to an organization's competitiveness. To what extent do you agree or disagree that the following factors are critical to your organization's competitiveness?

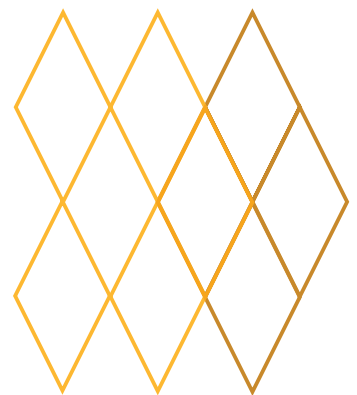


Talent has been a growing priority for Ontario business for some time now, with a previous OCC survey finding that only 14 percent of firms did not experience difficulty hiring in the preceding six months.³

Existing challenges to hiring, including the skills mismatch, have this year been joined by the compounding pressures of wide-ranging labour law reform and a dramatic increase in the minimum wage. The minimum wage increase alone is predicted by 68 percent of firms to have a negative impact on their business. Coupled with the expected decreases in workforces outlined above, hiring and getting hired will continue to be a challenge in Ontario.

The results of the 2018 Business Confidence Survey show a dramatic shift in how industry views both its own success and the broader success of the Ontario economy. Expectations for 2018 are lower than they were in 2017, and the subsequent impact on the labour market should be of concern to policymakers.

³ A survey of n=773 OCC members was conducted online by Fresh Intelligence between October 25 and November 30, 2016.





BUSINESS PROSPERITY INDEX





The Business Prosperity Index (BPI) is an original measure of business prosperity in Ontario, exclusive to the Ontario Economic Report. The BPI looks beyond GDP and instead considers the process of wealth generation from business production and investment activities. Using the most up-to-date data, we have tracked business prosperity in Ontario from 2000 to 2016 with preliminary 2017 estimates.⁴

What is the Business Prosperity Index measuring?

The BPI is a measure of excess resources available to a business after a year's operation. It is designed to be consistent with data used by Statistics Canada to calculate GDP, with the goal of providing a better understanding of business conditions and decisions in Ontario than what is offered by GDP alone.

If "prosperity" is a measure of the amount of resources (financial or otherwise) that a business has available to make economic choices, then the BPI is a measure of the resources available once their costs and outlays are taken into account. The BPI is defined as:⁵

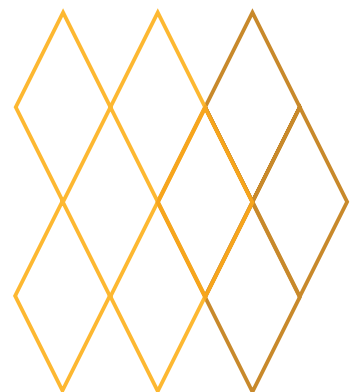
$$\text{Business Prosperity Index (BPI)} = \frac{\text{Total resources available} - \text{Total resources used}}{\text{Total resources available}}$$

Generally, businesses with a lower BPI run on finer margins of error, lower liquidity, and are more at risk from adverse changes in business conditions. Yet, this could also reflect a business's appetite for risk to potentially generate future returns and hence greater future prosperity.

⁴ Note that Statistics Canada estimates of assets and liability values are subject to adjustment year to year. This may change the level of BPI estimates upon each revision, but not the shapes.

⁵ **Resources used** (in the conduct of business) include: cost of goods/services inputs, fixed capital costs and depreciation, taxes on production (after subsidies), wages, costs of financing, transfers to government (such as income taxes), and repayment of debt. **Total resources available** include: assets that can be sold, revenue, interest income, new borrowing, and equity issuances. The BPI can be broken down into numerous contributions to business wealth and their significance for economic policy. In this regard, the BPI also measures trends in the:

- **Sources of resources for business**, whether they be revenues from sales, new borrowing, new equity or liquid investments carried over from previous periods.
- **Use of resources by business and production engagement**, whether they be costs of production (goods and services), payment of taxes, costs of financing or the repayment of debt.
- **Perception of business opportunity and risk**, which is implied from the way businesses choose to use their resources and maintain certain levels of excess resources (prosperity) on their books.



Businesses with higher BPI have a significant buffer between their production risks and their ability to respond to changing business conditions. While a high BPI is associated with higher levels of prosperity, it could also be a symptom of fewer opportunities to invest in the business or the rational reaction of business to maintain high levels of flexibility in the face of risky business conditions.

What does a BPI of 56.4 percent mean?

The average BPI for Ontario businesses for 2015 was 53.9 percent.⁶

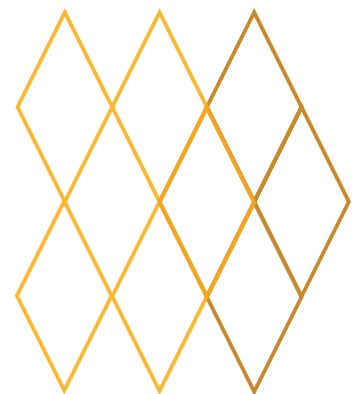
The 2016 BPI stands at 56.4 percent, which is an increase of 4.6 percent from the previous year and the highest in more than 20 years. This means that, of the total resources available to all businesses in Ontario to conduct their business in 2016, they were able to retain 56.4 percent for conducting future business and financial activities. This share can be used for investment in new operating capital, investment in liquid assets, the payment of dividends, or the repurchase of share capital.

The current level of BPI suggests that Ontario businesses (in aggregate) are relatively prosperous compared to historical levels. On the surface, this is positive, as businesses have more resources available to them to respond to changing business conditions and to reinvest into their businesses. However, as noted in last year's BPI analysis, a closer examination of the trends reveals a more nuanced and troubling story, as the factors responsible for the growth in business prosperity do not have the same benefits for the broader Ontario economy.

As we will explore further in this section, the high level of BPI today is not necessarily positive, as it is characterised by a declining contribution from production-related business activity and an increasing contribution from other sources, such as asset revaluations or new share capital and net borrowings. The consequences of such a scenario include:

- Business prosperity is increasingly becoming more dependent upon financial activities. This is resulting in a deteriorating contribution of non-financial businesses to Ontario's GDP.
- Business' investment motivation to pursue profitability through the production of goods and services is required to compete with higher asset returns elsewhere.
- A hesitation to grow or invest in the face of growing financial resources indicates that Ontario possesses a higher risk operating environment.

In the following pages, we investigate in more detail the factors driving these trends.



⁶ Note that since its introduction last year, the methods of extracting the use of resources by Ontario businesses have changed to incorporate machine learning techniques that have improved the composition of the BPI. This has led to a change in the BPI 2015 estimate from 48.5 percent as reported to 53.9 percent, which was used to form a comparison in the 2016 update. All definitions and trends remain the same.

Figure 1 illustrates the general contributions to the BPI.

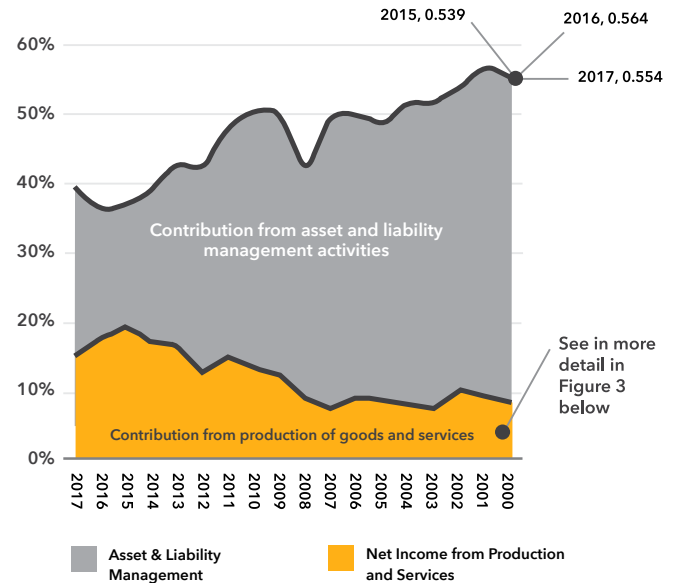
Over the years, the production of goods and services has been responsible for an ever-decreasing contribution to the BPI. We expect the BPI for 2017 to fall to 55.4 percent, with the production of goods and services accounting for only 15.3 percent.

Figure 2 shows the general contributions to the BPI from the production of goods and services. It is evident that the contribution of the production of goods and services to BPI has stagnated since 2010.

The current high BPI is not an indication of production prosperity, but rather of the accumulation of asset revaluations and the consistently favourable credit environment. As shown in Figure 2, between 2001 and 2002 and 2007 and 2009, when assets values and credit conditions change for the worse, growth rates in BPI deteriorate quickly.

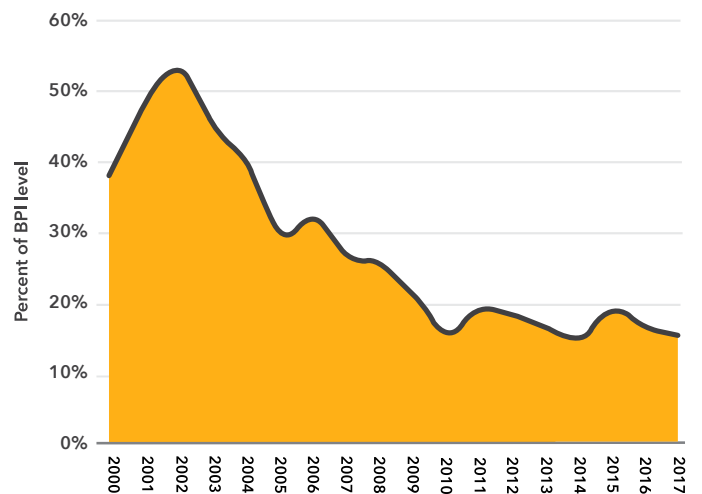
This is, in part, explained by how much business prosperity is driven by the contribution of financial firms.⁷ The BPI for financial corporations is higher than that of non-financial corporations given the high level of financial leverage built into their balance sheets and the liquidity levels that financial organizations must carry. The BPI of non-financial businesses is more indicative of the health of the real economy – the part of the economy that produces goods and services beyond financial services.⁸

Figure 1: Business Prosperity Index: Ontario



Source: Canadian Centre for Economic Analysis, Statistics Canada

Figure 2: BPI Contribution from Production of Goods and Services (Percent)



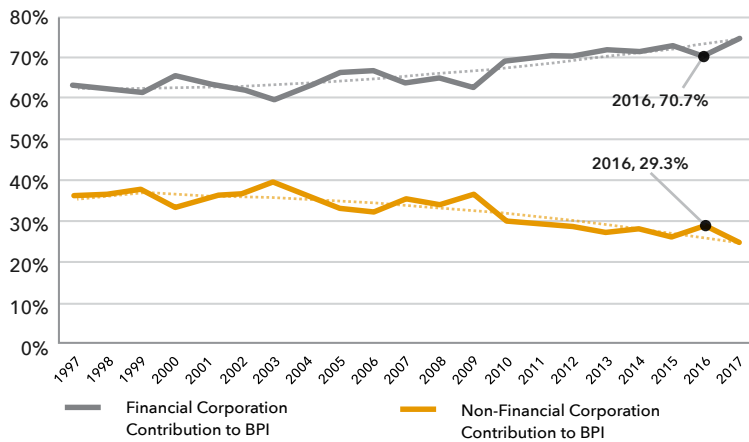
Source: Canadian Centre for Economic Analysis, Statistics Canada

⁷ Financial corporations are those that are principally engaged in providing financial services, including insurance and pension funding services. Non-financial corporations are those primarily engaged in the production of non-financial services and/or market goods.

⁸ The BPI for non-financial corporations is lower than financial corporations given the greater typical encumbrance of their assets in their production processes.

As Figure 3 illustrates, the contribution to BPI by financial corporations has grown while the contribution of the production of goods and services to the BPI has been in decline over the past 20 years. Despite the small increase in the contribution of the non-financial sector in 2016, it is expected that the downward trend will resume into 2017.

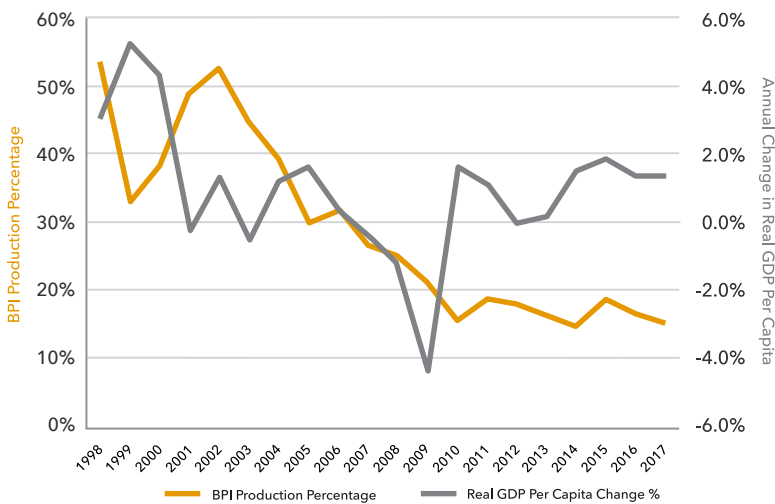
Figure 3: Contribution to BPI



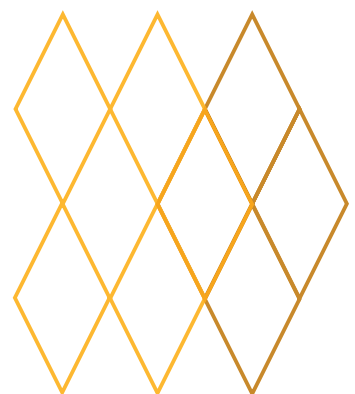
Source: Canadian Centre for Economic Analysis, Statistics Canada

A related measure is the fraction of the BPI arising from productive sources. As shown in Figure 4, when compared to real GDP growth per capita, prior to 2009 the overall trend was for productive BPI to move with GDP growth. However, since 2009, they have remained persistently apart.

Figure 4: Contribution of Production to BPI and Real GDP



Source: Canadian Centre for Economic Analysis, Statistics Canada

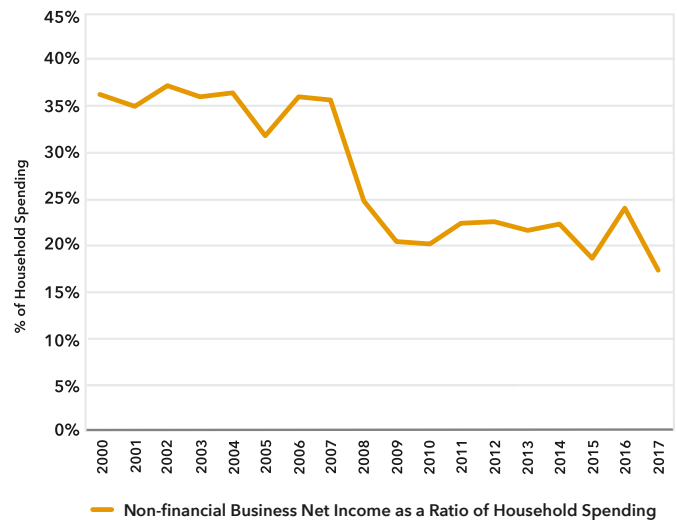


BPI Auxiliary Indicators

Operating Surplus Index (Profitability)

Looking at all non-financial businesses in Ontario, profitability as a proportion of household spending improved in slightly 2016 but remains well below that of the early 2000s. Note that the definition of the Operating Surplus Index has been updated from earlier years to better capture the structural changes in the economy after 2009.

Figure 5: Operating Surplus Index

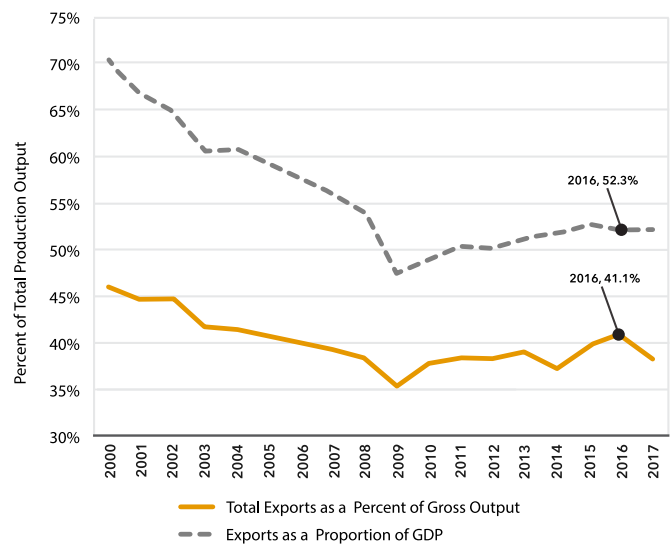


Source: Canadian Centre for Economic Analysis, Statistics Canada

Export Performance

With an increased emphasis on global trade, Ontario exports have been slowly recovering to their pre-2007 levels. Export performance improved in 2016 but still remains lacklustre, evidenced by the flat trend of export production to gross domestic production. As exports tend to be focused on real goods and services, continued increases in exports would be required to slow or reverse the trend of declining non-financial BPI.

Figure 6: Exports

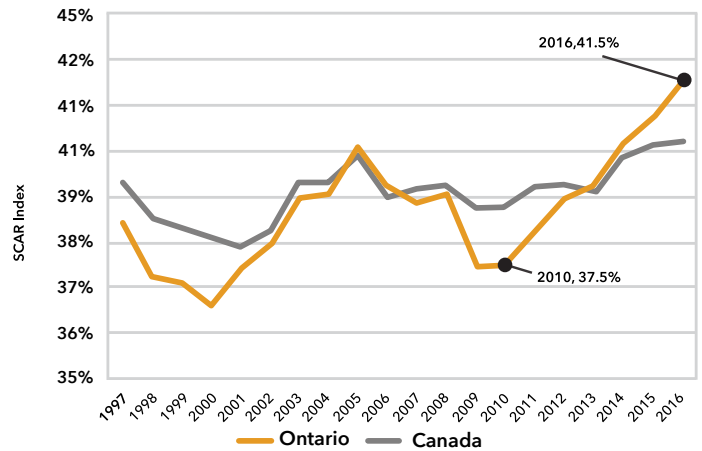


Source: Canadian Centre for Economic Analysis, Statistics Canada

Housing Affordability

Shelter affordability continues to deteriorate in Ontario with CANCEA's Shelter Consumption Affordability Ratio (SCAR) reaching its highest level ever (an increase in the SCAR index indicates worsening affordability). Since 2010, housing affordability in Ontario has decreased much more quickly than that national average. Rising shelter-related costs (including transportation and child care) challenge consumer engagement, impacting market activity, but also contribute negatively to labour market activity as it becomes increasingly difficult to attract and hire employees. Both the price and availability of appropriate shelter impacts the ability of Ontario business to attract global talent and reduces competitiveness.

Figure 7: Housing Affordability Pressure in Ontario

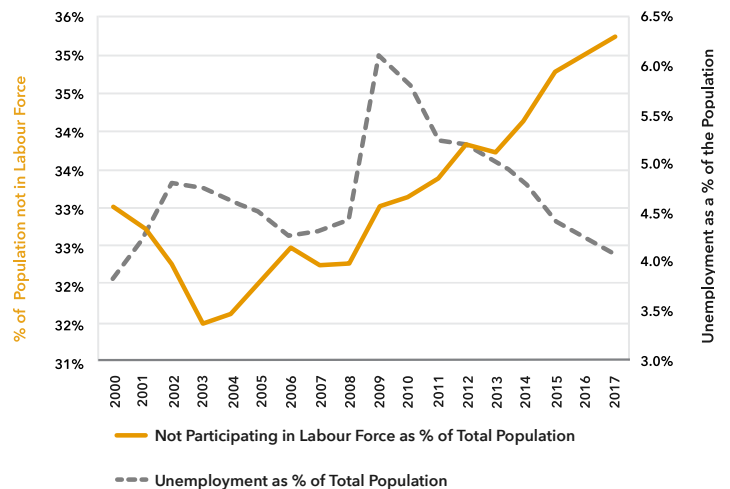


Source: Canadian Centre for Economic Analysis, Statistics Canada

Labour Market Activity

As the population in Ontario ages, labour participation in Ontario continues to fall and the proportion of the population that is not a part of the labour force sits at high of 35.5 percent, demonstrating a steady climb from 32 percent in 2003. Yet, unemployment as a percent of the total population has been falling. The systemic downward trend of labour participation highlights one of the ways in which the Ontario economy is structurally changing. There is a declining reliance upon labour to generate one's own income with a greater fraction on people relying on either investment income (direct investment or indirectly through pensions) or transfers.

Figure 8: Labour Non-Participation



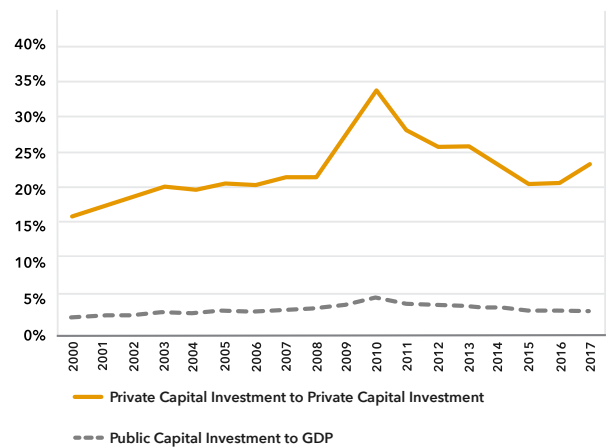
Source: Canadian Centre for Economic Analysis, Statistics Canada

These trends are the result of a number of factors: higher productivity driven by technology, the aging of the population, and wage increases not keeping up with productivity gains. Critically, there is a relationship between the low production-related income seen in the BPI and lower labour participation.

Public Capital

Public capital investment in infrastructure supports the environment in which future economic activity occurs. Therefore, in order to ensure the future prosperity of the province, it is important the public infrastructure investment occurs today. While there was a large increase in infrastructure investment in the late 2000s, overall levels have fallen again. CANCEA research suggests that given the current state of Ontario’s infrastructure, it should be investing and maintaining at a level equal to 4.5 percent to 5 percent of GDP. The uptick in the ratio of public capital to private capital investment is a sign of slowing private capital investment relative to public sector investment. This may be driven by uncertainty around the significant regulatory changes occurring across the province and country (e.g., labour, taxes, etc.) combined with ongoing public capital investments.

Figure 9: Public Capital Investment



Source: Canadian Centre for Economic Analysis, Statistics Canada

Taxes

With respect to Ontario’s BPI, the generally declining trends seen over the last decade have positively influenced the prosperity of business by reducing the cost of doing business in the province. However, it is important to note that taxes paid by businesses vary considerably with economic conditions and profitability. In 2016, income and production taxes paid as a proportion of business total costs increased, due in part to falling relative costs of production.

Figure 10: Corporate Tax (Income and Production Index)



Source: Canadian Centre for Economic Analysis, Statistics Canada

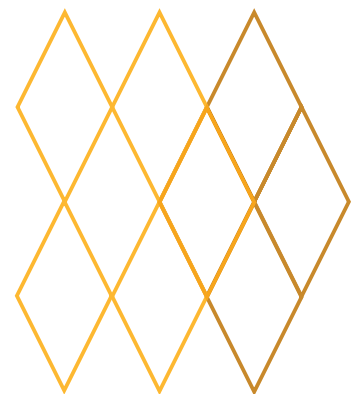
BPI: Final Remarks

While there have been some minor variations in the components of Ontario's BPI over the last year, and the BPI still suggests that total business prosperity in Ontario is near its historical high, business fundamentals remain challenged particularly in non-financial industries. While Ontario businesses possess significant financial resources available for productive use, the share of those resources going towards the production of goods, services, and future knowledge-based industries continues to deteriorate.

Several of the factors driving these trends include:

- **Business profitability is relatively low, and exports remain below levels prior to 2009 (relative to the size of the economy).** Household spending has become an increasingly important contributor to economic growth and industry may see risks in its sustainability with mounting household debt. With significant opportunity for returns on non-productive assets, businesses may see continued deterioration in the motivation to 'produce'. This, in turn, affects the ability of business to be globally competitive. In addition, regulatory uncertainty may be causing business to hold off on investment until the environment settles.
- **Shelter affordability continues to decrease in Ontario with increasing costs in both ownership and rental markets.** This continues to put pressure on households to maintain their levels of discretionary spending and may dissuade potential employees for seeking employment in regions with affordability challenges.
- **Continued capital investments in both the public and private sector are required to support long-term economic prosperity.** Efficient and prompt execution of long-term public infrastructure plans, designed to account for the changing economy must remain policy priorities.

There are two ways in which the contribution of the production of goods and services to the BPI can be improved: improve business conditions that lead to greater amounts of asset and liabilities engaged in the production of goods and services and maintain business conditions in the face of asset value depreciation. In 2018, the OCC will focus on how the government can improve conditions for business, and address the underlying factors that are impacting this negative trend in business prosperity.



ECONOMIC OUTLOOK 2018





Arco/Initol transforming

PROJECTED INDICATORS FOR ONTARIO ECONOMIC REGIONS 2018

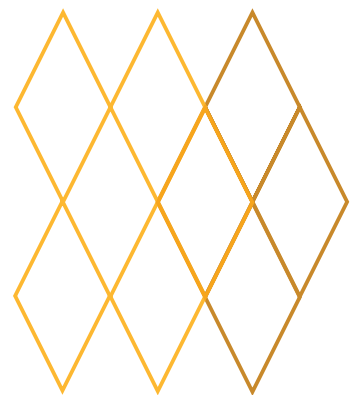
In 2018, we expect to see a stagnation in the Ontario economy. The Consumer Price Index is predicted to increase to 2.2 percent (from 1.7 percent in 2017), reflecting a rise in the price of market goods and services. GDP growth will slow to 2.4 percent, compared to 2.8 in 2017. Net migration is also expected to decrease to 185,000 from 190,000 in 2017. However, the unemployment rate will continue its downward trend, dropping -0.7 points over 2017 to 5.3 percent.

As the year progresses, it will be valuable to compare Ontario's declining unemployment rate and net migration with measures such as the employment rate and the labour force participation rate, particularly as recent employment standards reforms are enacted.




Regional Outlook

The regional areas in this report represents Statistics Canada's 11 Economic Regions (ER) for Ontario. The principal economic indicators used to track regional economic performance are employment, unemployment, and population.




This year, our analysis will focus on the employment and unemployment rate, to reflect ongoing changes in labour market activity. In 2018, unemployment rates are forecasted to decrease throughout Ontario, with the exception of the Northeast, Northwest, and Muskoka-Kawarthas ER where unemployment figures are projected to hold steady.






1 Northwest Ontario ER

	2017	2018 Projected
	5.6%	5.6%
	2.6%	+0.2%
	0.3%	+0.2%




2 Northeast Ontario ER

	2017	2018 Projected
	6.9%	6.9%
	-0.9%	+0.1%
	-0.2%	+0.1%




3 Ottawa ER

	2017	2018 Projected
	5.8%	5.2%
	0.5%	+2.4%
	1.2%	+1.7%




4 Kingston-Pembroke ER

	2017	2018 Projected
	5.8%	5.6%
	-0.3%	+1.5%
	0.5%	+1.3%




5 Muskoka/Kawarthas ER

	2017	2018 Projected
	5.8%	5.8%
	8.8%	0%
	0.7%	+0.4%




6 Toronto ER

	2017	2018 Projected
	6.5%	5.9%
	1.7%	+2.7%
	1.8%	+2.0%




7 Kitchener/Waterloo/Barrie ER

	2017	2018 Projected
	5.1%	4.5%
	2.1%	+2.7%
	1.6%	+1.9%




8 Stratford/Bruce ER

	2017	2018 Projected
	4.6%	4.4%
	2.8%	+0.7%
	0.2%	+0.4%




9 Hamilton/Niagara Peninsula ER

	2017	2018 Projected
	5.4%	5.1%
	4%	+2.0%
	1.2%	+1.5%

10 London ER

	2017	2018 Projected
	5.6%	5.3%
	-0.4%	+1.6%
	1.1%	+1.3%

11 Windsor/Sarnia ER

	2017	2018 Projected
	6.2%	5.7%
	-0.3%	+0.8%
	0.5%	+0.6%

Legend



Population (% change, age 15+)



Unemployment (% change)



Jobless Rate (%)

POLICY PRIORITIES 2018

VITERRA





Port of Thunder Bay

As we do each year, the OCC has determined our policy scope through the results of the Business Confidence Survey and the Business Prosperity Index, in consultation with our members, via the Ontario Chamber Network resolution process, by considering stated government priorities, and by building on the work of the previous year.

This process revealed three areas of focus: urbanization and housing, transportation infrastructure and governance, and the health and life sciences sector. These files, alongside continued work on regulation, taxation, competitiveness, energy, and the environment, represent the perspective of the Ontario business community, its interests and its needs.

Urbanization and Housing

In our 2017 Ontario Economic Report, the OCC revealed that although total business prosperity in the province was near a 15-year high, business fundamentals are weak. A major component influencing this trend was the decline of consumer activity, impacted most notably by increases in the cost of living and high household debt levels. In many communities across Ontario this rising cost of living, compounded by a lack of affordable housing, combine to inhibit economic growth.

While shelter-related costs are increasing across Canada, in Ontario the challenge is particularly acute. According to the Canadian Mortgage and Housing Corporation (CMHC), the traditional definition of affordable housing is when the carrying costs for suitably-sized housing do not exceed 30 percent of pre-tax income.⁹ Canada-wide, 24 percent of households spend more than that benchmark on shelter.¹⁰ As of 2016, 28 percent of Ontarians live in housing that is not deemed affordable, with the problem being most severe in Toronto: a third of households in the city exceed the benchmark.

At the same time, rental demand in Ontario has reached multi-decade highs, driven by population growth, job creation for prime renter cohorts, and a decline in homeownership affordability. A healthy vacancy rate is considered to be 3 percent or higher.¹¹ In Ontario, purpose-built vacancy rates have fallen to a 15-year low of 1.6 percent across the province¹² and, as of late 2017, the vacancy rate in Toronto had reached 1 percent.¹³

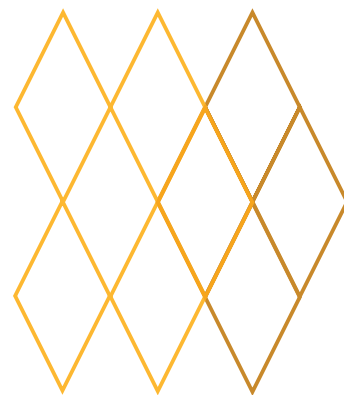
⁹ Canada Mortgage and Housing Corporation. 2016. *Innovating for Better Housing Outcomes: 2016 Annual Report*. <https://www.cmhc-schl.gc.ca/en/corp/about/core/upload/cmhc-annual-report-2016.pdf>

¹⁰ Statistics Canada. 2017. *Housing in Canada: Key results from the 2016 Census*. <http://www.statcan.gc.ca/daily-quotidien/171025/dq171025c-eng.htm>

¹¹ Wellesley Institute. 2017. *Precarious Housing in Canada*. http://www.wellesleyinstitute.com/wp-content/uploads/2010/08/Precarious_Housing_In_Canada.pdf

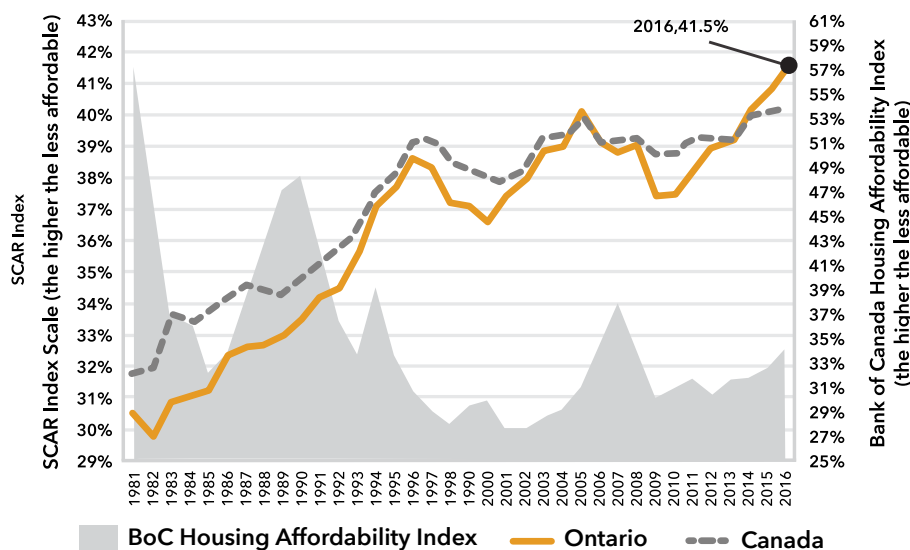
¹² Canada Mortgage and Housing Corporation. 2016. *Innovating for Better Housing Outcomes: 2016 Annual Report*. <https://www.cmhc-schl.gc.ca/en/corp/about/core/upload/cmhc-annual-report-2016.pdf>

¹³ Canada Mortgage and Housing Corporation 2017. *Rental Market Report: Ontario Highlights*. https://www.cmhc-schl.gc.ca/odpub/esub/64507/64507_2017_A01.pdf?fr=1516214753704&sid=p7w3oNaosMDPiv7hkEeT2PEbXwNQsgbueWQczfDzydzzyNKR5AumbqGyGa6dJc6dW



The breadth and depth of this challenge for Ontario is having a pronounced impact on our economy, thanks to interconnected and compounding issues such as a lack of appropriate housing choices, a lack of housing productivity (e.g. over-housing, low density), and households being “forced” into worse options (purchasing instead of renting or moving to another community). These factors, identified in the Business Prosperity Index, not only negatively influence consumers activity but also hinder the ability of industry to attract and retain talent, as local housing options may be unaffordable or inappropriate.

Housing Affordability Pressure in Ontario



Source: Canadian Centre for Economic Analysis, Statistics Canada

As the Ontario government pursues policies of greater urbanization and intensification, communities across the province will realize both tremendous opportunities and considerable growing pains. Given that business is an integral part of every community, and are as impacted by policies related to housing, land use planning, and public transit as any Ontarian, it is critical that they be at the table when we envision the future of Ontario’s cities and towns.

In 2018, the OCC will turn its attention to urbanization and housing policy. Throughout the year, we will explore the scope of this challenge and begin to formulate a business-friendly response. Our goal is to achieve better outcomes for more people by exploring changes to legislation and regulation, as well as innovative approaches such as “smart city” policies.

CHAMBER NETWORK LEADERSHIP

“Positioning Ontario to be a Global Leader in Smart City Development” is a resolution authored by the London Chamber of Commerce and passed in 2016, which urges the Government of Ontario to “commit to funding and/or tax incentives to assist Ontario municipalities engaged in smart city initiatives and identify qualified cities or neighbourhoods within Ontario which the government can support in the creation of research and testing environments”.

Transportation Infrastructure, and Governance

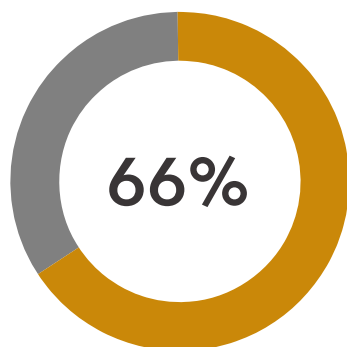
This year, we will sharpen our focus on infrastructure by examining solutions to Ontario's current and future transportation needs. In 2017, we released *Building Better: Setting up the Next Ontario Long-Term Infrastructure Plan for Success*, a report that provided recommendations to the provincial government on the direction of its Long-Term Infrastructure Plan. Building on that report, the OCC will dive deeper into a topic that is of great importance to industry across the province: transportation. Sixty-six percent of Ontario businesses consider transportation infrastructure and public transit critical to their organization's competitiveness.¹⁴

Ontario is a vast province with diverse regions each facing unique transportation challenges. Southern Ontario's population growth is exacerbating existing congestion problems; research shows that the cost of congestion in Ontario is anywhere from \$6 billion to \$11 billion annually. As that area urbanizes, demand increases for functional and multi-modal public transit assets that effectively move people and contribute to affordable and liveable communities.¹⁵

Meanwhile, Northern Ontario requires immediate transportation capacity to facilitate movement of both goods and people to attract investment and diversify the local economy. The vast distances between remote communities and the lack of suitable transportation options limits not only business opportunity but the ability of residents to access health care and education resources.

Broadly, the province is facing a significant transportation infrastructure deficit, resulting in increased congestion and decreased productivity. As noted in *Building Better*, the cost to rehabilitate the province's public infrastructure, including roads and bridges, would be \$19 billion.¹⁶

Sixty-six percent of Ontario businesses consider transportation infrastructure and public transit critical to their organization's competitiveness.



¹⁴ Survey of n=1046 OCC members conducted online by Fresh Intelligence between September 20 and November 3, 2017.

¹⁵ Dachis, B. *Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment*, 2013, https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary_385_0.pdf

¹⁶ Ontario Chamber of Commerce, *Building Better: Setting up the Next Ontario Long-Term Infrastructure Plan for Success*, 2017, <http://www.occ.ca/wp-content/uploads/Building-Better-Aug-23-1.pdf>

After decades of underinvestment, both the federal and provincial governments have recently dedicated tremendous funds to infrastructure projects. The Government of Ontario's Moving Ontario Forward plan will support public transit, transportation and priority infrastructure, using dedicated funds of \$31.5 billion split nearly evenly between the GTHA and the rest of the province.¹⁷ Meanwhile, the Government of Canada will provide \$8.3 billion to Ontario to support transit through Phase 2 of the Public Transit Infrastructure Fund starting in 2018.¹⁸ Thus, there is tremendous potential for Ontario to build the kind of transportation networks that will help our economy grow now and in the future.

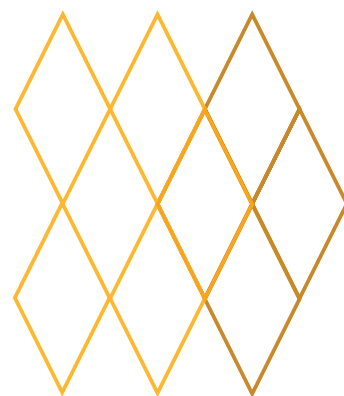
Building on our existing infrastructure commentary, the OCC will dedicate 2018 to identifying the investments and strategies necessary to build an effective and sustainable province-wide transportation network.

CHAMBER NETWORK LEADERSHIP

Over the past year, the Ontario Chamber Network has passed nine resolutions related to transportation priorities in the province. These range from the general need to invest in goods and people movement to the development of a provincial transportation and transit infrastructure plan to the modernization of the Connecting Links Funding Program to the integration of regional transportation fare systems.

¹⁷ Ministry of Finance, *Building Tomorrow's Infrastructure Now*, 2016, <https://www.fin.gov.on.ca/en/budget/ontariobudgets/2016/bk2.pdf>

¹⁸ Association of Municipalities Ontario, Ontario Municipal Transit, 2017, <https://www.amo.on.ca/AMO-Content/Backgrounders/2017/OntarioMunicipalTransit>

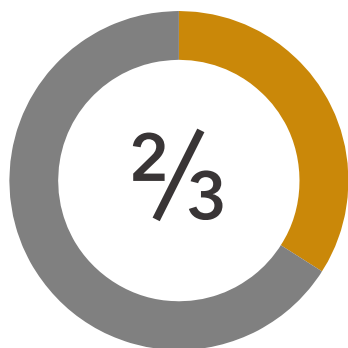


The Health and Life Sciences Sector

Health sector transformation has been a priority of the OCC for the past two years. Our public health care system—a \$52 billion operation—and our world-class research and development infrastructure should give Ontario a competitive advantage in the booming global health and life sciences sector. Yet health care is regarded as a cost driver rather than an economic opportunity, harming our province’s tremendous potential in this space.

The economic activity of the life sciences sector contributes approximately \$38.5 billion to Ontario’s GDP and produces \$5.7 billion in exports each year – two thirds of all Canadian life sciences exports.¹⁹ If you include the public health care system as part of this ecosystem, it represents more than 578,000 jobs across the province.²⁰ Significantly, between 2001 and 2013, this sector outpaced the provincial job growth average by nearly 10 percent.²¹ If the government’s goal is to make Ontario a global leader in the high-tech knowledge economy, then the health and life sciences is an excellent existing advantage to develop. Here at home,

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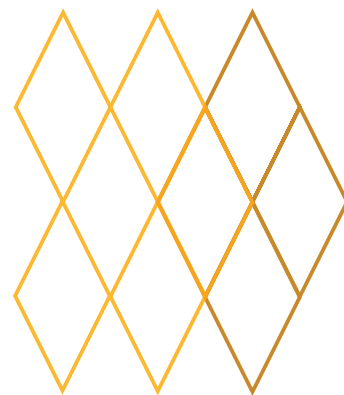
the innovations and discoveries that emerge from Ontario’s health and life sciences sector have the potential to improve the quality of health care, strengthen our agricultural output, and create a cleaner and more sustainable economy. This is well aligned with evergreen government priorities such as strengthening the health care system, protecting the environment, boosting exports, and creating high-paying jobs.

However, government could do more to align these priorities, including viewing the health care system as an integral (and productive) segment of this sector. Its diversity of industries—along with the span of public, private, and post-secondary stakeholders—contribute to its long-standing undervaluation. Yet there are common issues faced by all stakeholders that strategic government action could mitigate, such as intellectual property protection and management, access to

¹⁹ Government of Ontario. 2016. “Ontario Investing Over \$4 Million to Expand R&D in Medical Devices”; <https://news.ontario.ca/medg/en/2016/03/ontario-investing-over-4-million-to-expand-rd-in-medical-devices.html>

²⁰ Life Sciences Ontario. 2017. *Blueprint for a Coordinated Ontario Life Sciences Strategy*. http://www.lifesciencesontario.ca/files/file.php?fileid=file1mEbCKPtlf&filename=file_LSO_Blueprint_final.pdf

²¹ LSO, 2017.



capital for growing companies, access to funding for long development cycles, evidence- and science-based decision-making and policies, barriers to government procurement, and talent scarcity. While the life sciences has been identified as a priority area by both the federal and provincial governments, there remain considerable policy and regulatory barriers in the way of this sector's development.

The OCC's interest in the health and life sciences sector is not limited to building a knowledge-economy competitive advantage for the province; this sector holds the key to transforming the health and wellness of everyday Ontarians. Although Canada is a well-spring of scientific discoveries and technological advancements, we struggle to integrate these innovations into our public services: Canada is ranked 55 out of 140 when it comes to government procurement of advanced technology.²² Compared to other developed nations, access to the Canadian market generally takes more than two years longer for innovative firms and processes are particularly difficult to navigate for SMEs.²³ These challenges are of particular significance to Ontario, as we are one of the largest biotech clusters in North America. If we were able to build pathways for public/private collaboration, Ontario could take advantage of our home-grown innovations to provide a greater quality of care within its health care system and greater quality of life, generally, to its residents.

In 2018, the OCC will convene health and life sciences stakeholders to frame this sector as a competitive advantage that is aligned with government priorities and emphasize the distinct economic opportunity that lies within the public health care system.

Supporting Ontario's health and life sciences sector is a priority for the Ontario Chamber Network, with recent resolutions that emphasize the untapped potential within the agri-food industry, the bio-economy, rural and remote community health care, and tech clusters in Northern Ontario.

CHAMBER NETWORK LEADERSHIP

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CONTINUING POLICY FILES

Beyond the three priorities outlined on these pages, the OCC will continue its advocacy work on a variety of files important to the business community in Ontario. These include the research into lowering electricity prices, sustaining our nuclear capacity and the future of the energy system itself; the possible renegotiation of NAFTA and other international trade opportunities; health care system reform and pharmacare; mitigating regulatory burdens; modernizing business taxation; spurring green innovation and carbon management; eliminating the skills mismatch; and promoting debt and deficit reduction, among others.

22 Ontario Bioscience Innovation Organization. 2016. *How Canada Should be Engaging in a \$9 Trillion Dollar Health Economy*. <http://www.obio.ca/publications-1/2016/6/paths-to-the-future>

23 DEEP Centre. 2014. *Canada's Billion Dollar Firms: Contributions, Challenges and Opportunities*. <http://deepcentre.com/wordpress/wp-content/uploads/2014/07/DEEP-Centre-Canadas-Billion-DollarFirms-July-2014-ENG.pdf>

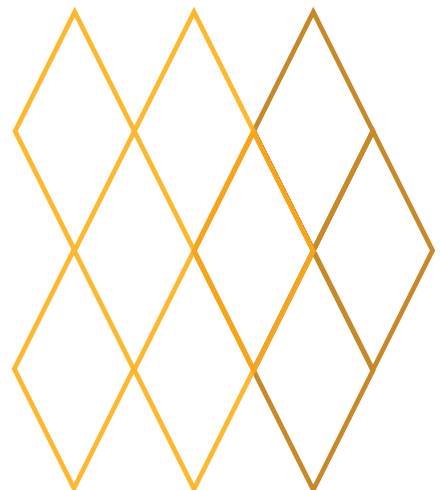
LOOKING FORWARD

In 2017, the Ontario Chamber of Commerce leveraged our inaugural Ontario Economic Report to ensure that the perspective of Ontario's business community—and the importance of its prosperity—was at the forefront of our conversations with the provincial government.

We emphasized that the Ontario businesses are the backbone of our economy and our communities, but noted that the foundations of our prosperity are shifting, and that government action must shift with it.

The findings contained within this document are especially important in 2018, given the upcoming provincial and municipal elections. While the OER outlines vulnerabilities within the Ontario economy, the OCC is also dedicated to socializing realistic solutions through projects such as our election platform, *Vote Prosperity*, and our commitment to building partnerships between the public and private sectors.

The OER will be available in communities across Ontario, through our network of local chambers of commerce and boards of trade. Additionally, the analysis and recommendations drawn from these documents will inform our upcoming policy and advocacy work, including throughout the election period. We encourage you to consider how the OER is relevant to your industry and your community. In 2018, reach out and help us achieve a more prosperous Ontario, together.



JOIN THE OCC

Not a Member of the OCC? Get Engaged!

From innovative SMEs to established multi-national corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all sectors. The OCC works hard to drive an effective advocacy agenda for business and to ensure that our members are kept up-to-date on issues that matter.

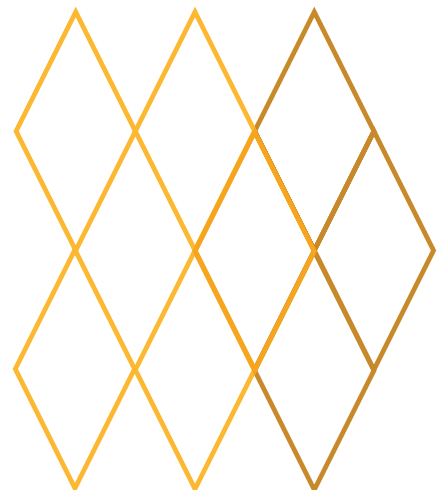
Through your engagement with the OCC, you can:

- Advance your policy priorities;
- Strengthen your relationship with government;
- Network with business leaders;
- Engage with 135 local communities across the province; and
- Contribute to the growth of Ontario's economy.

For more information on how you can be a part of the most influential and credible business network in the province, please contact:

Joshua Goodman
Director of Business Development

joshuagoodman@occ.ca or 647-243-3559





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