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Staff Report EDO2022-005

Title of Report: EDO2022-005-Ontario Chamber of Commerce Annual
Ontario Economic Report
Department: Economic Development
Council Date: February 16, 2022

Recommendation:

Be it resolved that Council receive Staff Report EDO2022-005 for information.

Background: On February 3, 2022, the EDO virtually attended the Ontario Chamber of Commerce Annual Economic Report Launch.

Staff Comments: Executive Summary (Media Release) of the 2022 OCC Annual OER:

Pain points throughout Ontario's economy are impairing business operations, and now consumers are feeling the pinch too. The frustration is palpable. From the grocery store and trucking industry to their pocketbooks, Ontarians are experiencing the very real consequences of labour shortages, global supply chain disruptions, and inflation. Released February 3, 2022, the sixth annual Ontario Economic Report (OER) contains regional and sector-specific data on business confidence, policy priorities, and economic indicators, which together provides a unique view on the hurdles ahead.

"Ontario began to see some positive momentum in 2021 thanks to progress on vaccines and reopening. Business confidence, GDP, and employment growth are trending upwards after record lows in 2020. However, the road ahead remains uncertain for businesses and households as labour shortages, supply chain disruptions, and inflation are hitting home," said Rocco Rossi, President and CEO, Ontario Chamber of Commerce. "A staggering 62 percent of sectors are facing labour shortages in Ontario and expect to continue facing them over the next year. This is having real-life consequences on the cost of living, service delivery, and product availability."

This year's OER reveals the impacts of the pandemic continue to disproportionately impact small businesses, organizations led by women and people with disabilities, with the hardest-hit sectors being businesses in the arts, entertainment, and agricultural sectors.

"We are seeing a domino effect of structural issues. Jobs are going unfilled, demand is outpacing capacity, and these issues are driving up prices for consumers and uncertainty for businesses," said the report's co-author, Claudia Dessanti, Senior Manager, Policy, Ontario Chamber of Commerce. "Two years into the pandemic, there is light at the end of the tunnel, but we need a long-term plan that will provide stability and lay the groundwork for economic growth."

Key highlights of the report include:

1. Overall, 29 percent of Ontario businesses are confident in Ontario's economic outlook in 2021 (compared to 21 percent the year prior), and 57 percent are confident in the outlook of their own organizations (up from 48 percent).
2. Most sectors (62 percent) are facing labour shortages and expect to continue facing them over the next year.
3. Inflation of raw material and transportation costs at the producer level is affecting consumer prices, which rose 3.5 percent and is expected to rise another 3.5 percent in 2022. Ontario's year-over-year housing price growth was above 30 percent in December 2021.
4. Small businesses are more preoccupied with cost relief measures such as business taxes and commercial rent relief, while larger businesses are more focused on long-term infrastructure, regulatory, and workforce development issues.
5. All regions except Northeastern Ontario saw positive employment growth in 2021, though several regions have yet to offset the major job losses seen during the first year of the pandemic.

"We know that Ontario businesses continue to feel the pressures of the pandemic and we remain committed to doing our part to provide relief, flexibility and choice to customers who may be struggling," said Mark Poweska, President and CEO, Hydro One. "Every dollar we invest comes at a cost to our customers which is why we are working to improve productivity and take costs out of the business while balancing the need to invest in our aging system. Our five-year Investment Plan will ensure a more resilient and reliable electricity grid for the future so business owners have access to the electricity they need to serve their customers and grow."

The sixth annual OER offers unique insights into business perspectives across Ontario. The report is driven by data from the annual Business Confidence Survey (BCS) and economic forecasts for the year ahead. The BCS was conducted online from October 6 to November 19, 2021, attracting responses from 1,513 organizations across Ontario. The OER was made possible by our Landmark Partner, [Hydro One](#), and Research Partners, [Golfdale Consulting](#) and Bank of Montreal.

Watch the one-hour webinar here:

<https://bit.ly/3sgiK1u>

Read the full interactive report or download the .pdf here:

<https://occ.ca/oer2022/>

Financial Implications: There are no financial implications

Communications & Community Action Plan Impact: This report has been written and presented to Council to communicate accurate information to the public.

Concluding Comments: That Council receive this report for information.

Respectfully Submitted,

Dept. Head: *Original Signed By*

Terri Murphy,
Economic Development Officer

CAO Approval: *Original Signed By*

Dave Milliner, CAO