

# 2023 ONTARIO ECONOMIC REPORT



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ONTARIO  
ECONOMIC  
REPORT





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## Executive Summary

The OCC's 7<sup>th</sup> annual Ontario Economic Report (OER) offers unique insights into the perspectives and experiences of businesses across Ontario. The report is driven by data from our Business Confidence Survey and regional economic forecasts.

The 2023 OER reveals the effects of prolonged economic uncertainty and a shifting business landscape. Labour shortages, inflation, and forecasts of an economic slowdown are dampening confidence in Ontario's outlook. Still, most businesses feel confident they can withstand the headwinds and continue to grow in the year ahead.



### Highlights from the 2023 Business Confidence Survey:

- **Business confidence has dropped to a new low**, with only 16 percent of organizations expressing confidence in the outlook of Ontario's economy in 2023 (down from 29 percent in 2022).
- **Inflation and labour shortages** are primary concerns.
- Despite low confidence in the economy, **53 percent of businesses are optimistic about the outlook and growth prospects of their own organizations**, as high employment rates and population growth should prevent a sharp decline in consumer spending.
- Small businesses want governments to prioritize policies and programs that support their immediate financial and operational challenges, while large businesses are more interested in broader workforce development and health care issues.
- **Labour shortages are directly impacting most employers and 87 percent of large businesses**. Shortages are especially acute in education, construction, and accommodation and food services.
- Businesses appreciate the importance of **employee health and well-being, diversity and inclusion, economic reconciliation, and climate action** – but there are notable gaps in addressing them.

### Highlights from the 2023 Economic Outlook:

- **Ontario's real GDP is forecasted to fall by 0.4 percent in 2023** as output is dampened by higher interest rates, weakened business investments, and muted consumer spending.
- Ongoing macro-economic challenges include **geopolitical instability, labour shortages, and inflation** (which is expected to remain elevated at 4.2 percent).
- **Employment growth is forecasted to drop to 0.5 percent**. Meanwhile, higher immigration intakes will increase the labour supply and should help alleviate worker shortages across the province.
- **All regions of Ontario saw moderate-to-strong growth in both population and employment in 2022** and are expected to see continued growth in 2023.





## Section I:

# The Business Confidence Survey

Each year, the OCC surveys its members to better understand the perspectives of Ontario's business community. This year's survey was conducted online by Golfdale Consulting from October 18 to November 30, 2022.

A total of 1,912 organizations completed this survey: 83 percent are privately-owned businesses, 15 percent are non-profits, and 2 percent are post-secondary institutions. Respondents reflect a broad cross-section of industries and regions across Ontario ([Appendix A](#)).



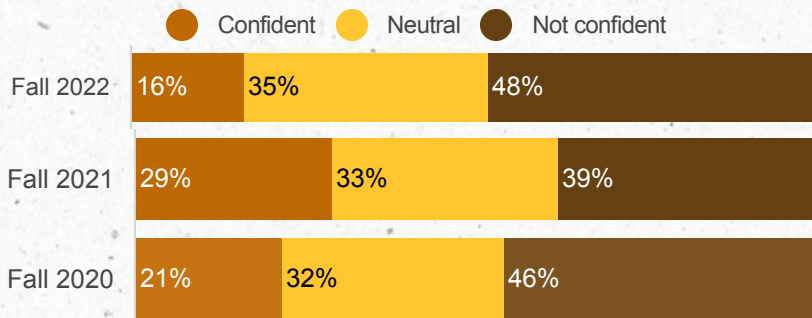
### Business Confidence

**Ontario business confidence has dropped to a record low in 2023.** Only 16 percent of organizations are confident in the province's economic outlook, down from 29 percent in 2022 (Figure 1).

While last year's uptick in business confidence suggested optimism around recovery, the precipitous drop seen in 2023 reflects widespread consensus that the national economy is expected to slow over the coming months with the potential for a recession. These results mark the most pessimistic outlook since the OCC began tracking business confidence over a decade ago.

**Figure 1: How confident are you about Ontario's economic outlook as of right now?<sup>1</sup>**

(Net Values)



This year's drop in confidence also mirrors a steady increase in business bankruptcies throughout Ontario in 2022,<sup>1</sup> with more closures likely to come in 2023 as the economy slows and debt burdens become untenable (see [page 32](#)).

**Inflation and labour shortages are primarily responsible for the lack of confidence among businesses** (Figure 2). Inflation typically indicates the economy is growing. However, continued upward pressure on costs has strained businesses and individuals, especially as interest rates climb on pandemic-related debt and already-hefty mortgages. For more analysis on inflation, see [page 23](#).

Labour shortages and skills gaps are also dampening business confidence as employers across sectors struggle to hire and retain the workers they need to recover and grow in the aftermath of the pandemic. For more analysis on labour shortages, see [page 7](#) and [page 23](#).

<sup>1</sup> Confidence results throughout the survey are netted to exclude those that responded "don't know/ prefer not to answer."





Other factors driving low confidence in our survey include supply chain barriers and global economic uncertainty, indicating the biggest concerns are not isolated to Ontario. However, certain domestic factors such as infrastructure deficits may be aggravating [supply chain backlogs](#) and other challenges.

In addition to structural economic issues, businesses also point to a number of policy-related reasons for their lack of confidence. **Health care system vulnerabilities**, including staffing shortages, are at the top of that list, with 46 percent of pessimistic businesses reporting this as a factor. Although capacity challenges within Ontario's health care system predate the pandemic, increased backlogs and staff burnout have left the system vulnerable and overstretched.

### Figure 2: Top 3 reasons for pessimism about Ontario's outlook

% of pessimistic businesses reporting this as a reason for low confidence



Business confidence has dropped to a record low in 2023, mainly due to structural concerns such as inflation, labour shortages, and supply chain backlogs.

**Small businesses are considerably less confident in Ontario's outlook than medium-sized and large enterprises** (Figure 3). The confidence gap between small and larger businesses grew during the pandemic, as the crisis has been less forgiving to smaller organizations with fewer resources and flexibility to adapt or take on additional debt.

Inflation can also have an outsized impact on small businesses as they have more limited [access to capital](#) and are more restricted in their ability to pass on additional costs to consumers than larger businesses. As such, their reasons for lacking confidence also differ from large businesses this year. Small businesses are more worried about input costs, business taxes, and the phaseout of [temporary COVID-19 government support programs](#). For employers that have continued to find some relief in government supports – such as Ontario's staycation tax credit and Small Business Relief Grant – there is an additional element of uncertainty as those programs wind down.



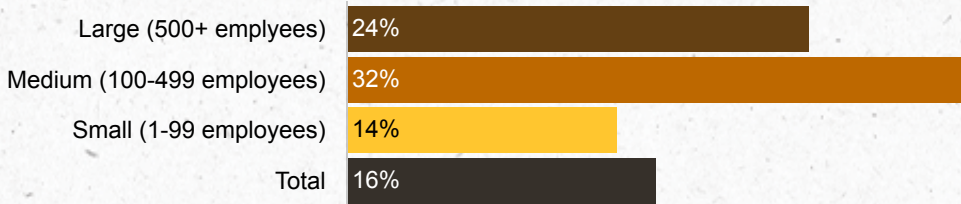
## The Business Confidence Survey

Meanwhile, large businesses are more concerned with inadequate infrastructure (such as housing supply, public transit, broadband), suggesting they view their success as being more closely tied to that of the larger workforce and local economy.

Compared to large and medium-sized organizations, small businesses are less confident and more concerned about input costs, taxes, and the phaseout of government relief programs.

### Figure 3: Confidence in Ontario's economic outlook

% of organizations confident in Ontario's economic outlook

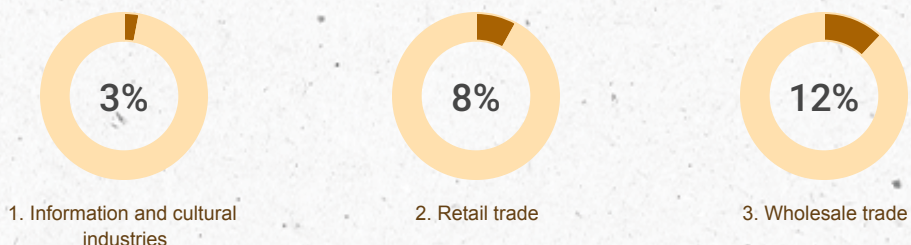


Confidence also varies significantly across sectors (Figures 4 and 5). **Information and cultural industries, retail trade, and wholesale trade are the least confident.**

Information and cultural industries have seen the largest drop in confidence compared to last year (28 percentage points), which may reflect financial pressures and consolidation trends in newspaper, film, radio, television, and related industries. Retail and wholesale trade have been battered by shipment delays and uncertainty around consumer spending as a result of rising interest rates and inflation, particularly as they were heading into the holiday season.

Other notable sectors with below-average confidence include health care and social assistance, and non-profits – sectors overburdened by stagnant funding, increased demand, and widespread staffing shortages. Low confidence is also seen in tourism-related industries (i.e., arts, entertainment, and recreation, and accommodation and food services), which are expected to be among the last to recover from the losses, workforce gaps, and debt incurred during the pandemic.

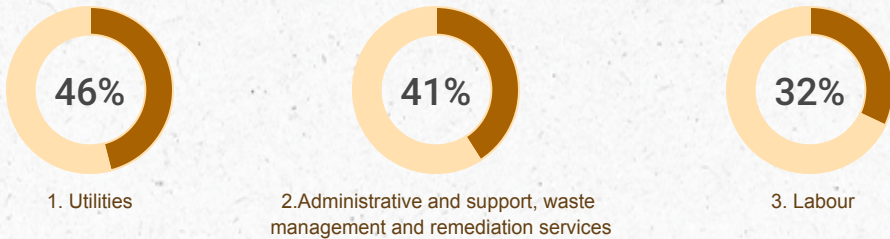
### Figure 4: Top 3 least confident sectors







**Figure 5: Top 3 most confident sectors**

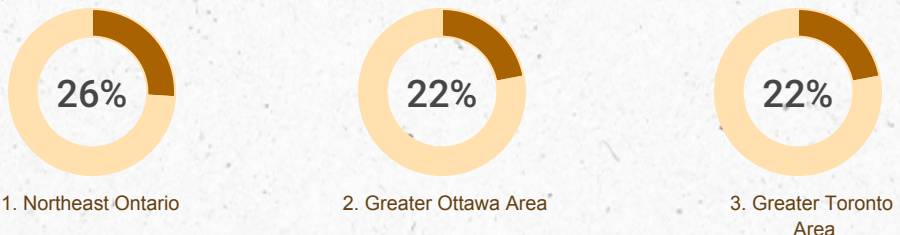


By contrast, sectors with higher confidence have largely been shielded from the economic headwinds faced by other industries. Utilities, administrative, and waste management services continue to remain essential services for which demand continues to increase, while the labour sector is experiencing surplus demand due to worker shortages.

**Regionally, confidence is higher on average in metropolitan areas, namely Toronto and Ottawa** (Figures 6 and 7). Businesses in the larger cities are benefitting marginally from more convenient access to talent, services, and markets than rural communities (i.e., through better broadband connectivity, integration with transportation networks, proximity to capital, and other conveniences).

Interestingly, Northeast Ontario is the most confident region and also exhibiting uncharacteristically high employment growth (see [page 35](#)).

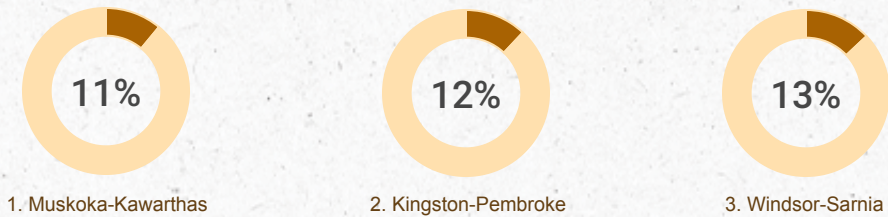
**Figure 6: Top 3 most confident regions**



The lowest levels of confidence are seen in tourism-heavy regions such as Muskoka-Kawarthas and regions with a larger share of small businesses. Pessimism in Windsor-Sarnia may also reflect the region's reliance on cross-border supply chains, which continue to face major backlogs and delays.



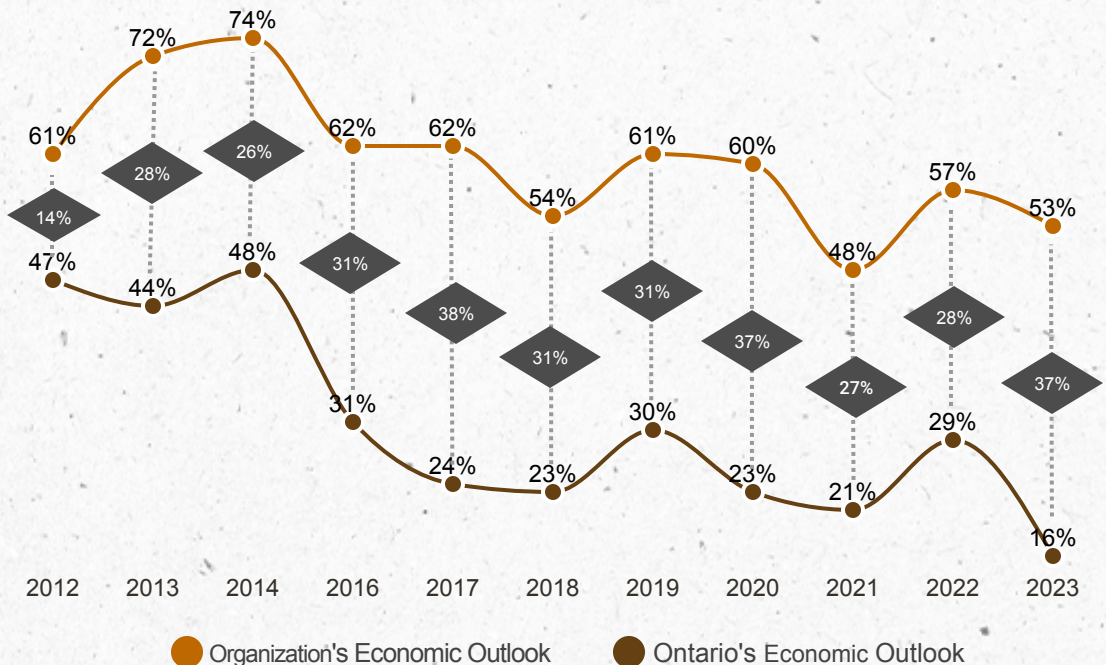
**Figure 7: Top 3 least confident regions**



For more external confidence results by sector, region, and organization size, see [Appendix B](#).

**Despite low confidence in the economy, businesses remain optimistic about the outlook of their own organizations.** While only 16 percent of organizations are confident in Ontario's economy, 53 percent are confident in their own organizations (Figure 8). The external-internal confidence gap is not new, and likely reflects the perception that businesses have greater control over their own success than that of the broader economy, which depends more on government policy direction and exogenous economic conditions.

**Figure 8: The business confidence gap**







Heading into 2023, this gap has widened as confidence within organizations has not dropped as significantly as confidence in the economy more broadly. This can be viewed as an encouraging sign that many businesses feel prepared to weather the storm that is to come. Internal confidence is mainly driven by consumer demand. In other words, businesses seem optimistic that consumers will continue spending in 2023 even as the economy shows signs of slowing down – likely because ongoing labour shortages will help sustain employment levels and population growth will drive additional demand.

Conversely, causes for internal pessimism are the same as those driving low confidence in the economy: cost of living, cost of inputs, and labour shortages.

Diverse-led businesses are slightly less confident about their internal outlooks than non-diverse ones. They are also more concerned about high living costs (e.g., housing, child care, transportation), inadequate local infrastructure (e.g., housing, public transit, broadband), health care system capacity, the ongoing threat of COVID-19, and the phaseout of government support programs.

Businesses led by recent immigrants are among the least confident in their own outlook (44 percent) and are generally more concerned than other businesses about regulatory barriers – which may reflect difficulties navigating regulation in a new country.

For more internal confidence results by sector, region, and organization size, see [Appendix C](#).



### Business Growth

Businesses also reported higher growth in 2022 than over the previous two years, in line with their sustained internal confidence. Forty-five percent of organizations say they grew over the past year, and 53 percent expect growth in 2023 (Figure 9).

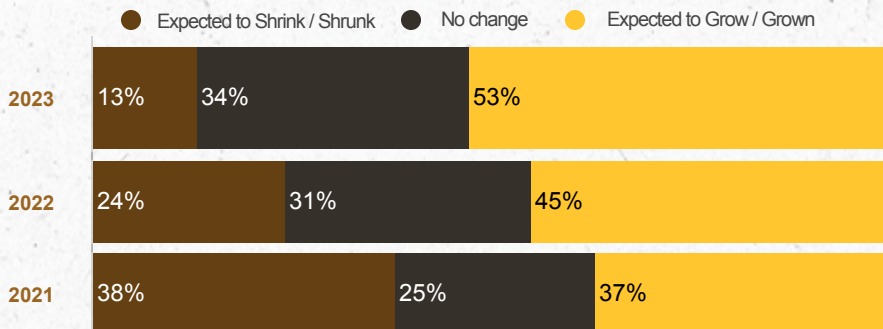
Improved growth this year shows businesses are benefitting from a rebound in consumer demand and spending from earlier stages of the COVID-19 pandemic, even as low confidence in the broader economy suggests an awareness of the headwinds they are up against.

Larger businesses are more likely to have grown than smaller ones (61 percent vs. 44 percent). As noted above, small businesses have less room on their balance sheets to absorb additional costs brought on by inflation, rising interest rates, and the phaseout of temporary government support programs.

Growth is very uneven across industries. Finance and insurance reported the highest growth and forecasts, with 61 percent of businesses in those sectors saying they grew and 72 percent expecting growth in 2023. Other sectors with above-average growth include labour and real estate, both of which are facing upward pressure as a result of demand growth.

By contrast, growth was less prevalent in the government, management, utilities, administrative, and information and cultural service sectors (where fewer than one-third of organizations reported positive growth).

**Figure 9: Business growth**



Strong consumer demand has supported business growth and internal optimism about their outlook for 2023.





### Government Policies

**Looking ahead, businesses want to see governments support their resilience and growth** by prioritizing policies and programs that address operating costs, talent gaps, employee well-being, technology adoption, infrastructure deficits, and other top challenges (Table 1).

**Table 1: Top 10 policy priorities**

To sort responses, click each tab

Priority	Share of respondents
Reduce/simplify business taxes	44%
Invest in workforce development (retraining, micro-credentials, education, etc.)	37%
Encourage Ontarians to buy/travel locally	35%
Strengthen local supply chains, industries, and manufacturing	35%
Address health care system capacity (wait times, surgical and procedural backlogs, staffing shortages, etc.)	33%
Support businesses with energy costs	33%
Invest in broadband internet infrastructure	31%
Expand/improve access to mental health and addiction programs and services	28%
Support businesses with technology adoption	26%
Enhance access to credit/capital	24%

#### **Small and large businesses have different public policy priorities** (Table 2).

Generally, small businesses are looking for direct forms of support with their financial and operational outlooks – by reforming business taxes, encouraging Ontarians to buy/travel locally, and strengthening local supply chains and industries. Meanwhile, larger businesses are more interested in initiatives that strengthen skills and health across the workforce – by investing in workforce development, improving access to mental health and addiction services, and addressing health care system capacity.

Buy/travel local campaigns remain popular among small businesses this year, especially in accommodation and food services (67 percent) and retail (64 percent), where economic recovery will hinge on sustained consumer demand even as household spending capacity may be reduced.



Energy affordability is another top priority for accommodation and food services (55 percent) and manufacturing (51 percent). Ontario is taking steps to address energy affordability including its new dynamic electricity pricing pilot for small and medium-sized businesses, the Comprehensive Electricity Plan, and various energy efficiency programs.

**Table 2: Policy priorities (small vs. large businesses)**

Small businesses	Large businesses
Reduce/simplify business taxes	Invest in workforce development
Encourage Ontarians to buy/travel locally	Expand/improve access to mental health and addiction services
Strengthen local supply chains, industries, and manufacturing	Address health care system capacity

In the Muskoka-Kawarthas, investing in broadband internet infrastructure outstripped other priorities, reflecting the connectivity gaps that remain pervasive in the region. Priorities also vary somewhat according to organizational leadership.

Among businesses led by persons with disabilities and members of 2SLGBTQIA+ communities, the top priority is improving access to mental health and addiction services. For Indigenous-led businesses, priorities include investing in workforce development and strengthening local supply chains.

Small businesses are looking for support with their cash flow and operations, while large businesses are more concerned with broader workforce development and health care issues.

For more results on policy priorities by sector, region, and organization size, see [Appendix D](#).

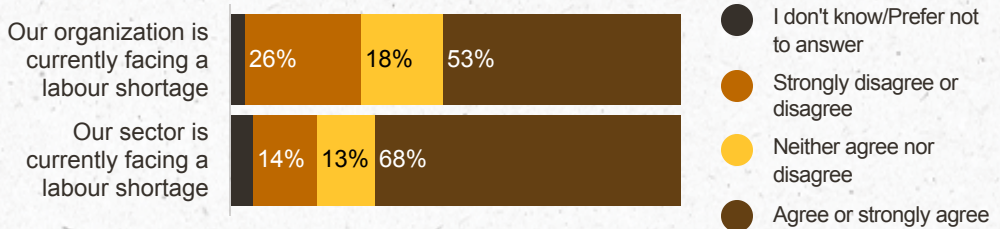




### Labour Shortages

**Most organizations in Ontario continue to report labour shortages** (Figure 10). Fifty-three percent of organizations in our survey are currently facing a shortage and 68 percent say their sector is currently facing one. This has increased from last year, when 62 percent of respondents reported staffing shortages in their respective sectors.

**Figure 10: Labour shortages in Ontario**



While shortages are seen across the economy, sectors in which they are most pronounced include mining, utilities, educational services, construction, and accommodation and food services.

These talent gaps are driven by the confluence of factors – including an [aging population](#), immigration backlogs, and increased demand for skilled trades labour to support housing and other infrastructure development projects. In the accommodation and [food services sectors](#), many workers have retrained during the pandemic and entered new industries. In the health care sector, shortages are both a cause and a consequence of burnout within an overstrained system.

Smaller organizations are less likely to report shortages than larger ones (49 percent vs. 85 percent), likely because they have fewer spots to fill by virtue of their size.

Further, labour shortages are nearly twice as common in organizations that are operating mostly or fully in-person compared to those that are operating remotely (59 percent vs. 31 percent). This is driven partly by sector-specific variations (e.g., construction and restaurants are necessarily in-person and reporting large gaps) but may also reflect shifts in jobseekers' preferences towards more virtual and hybrid working arrangements.

Looking ahead, labour shortages should soften somewhat as the economy slows down and higher immigration targets expand the labour supply see ([page 27](#)). Despite this, **56 percent of organizations expect to face a labour shortage over the next year and 66 percent expect to see shortages in their sectors.**



## The Business Confidence Survey

Government can help alleviate these gaps by continuing to remove [interprovincial barriers](#) to labour mobility and fast track foreign accreditation, [bring in more immigrants](#), invest in high-demand training programs, and [develop a coordinated health human resources strategy](#).

Most employers in Ontario are facing labour shortages and expect them to continue in 2023, with some of the biggest gaps in education, construction, and accommodation and food services.

For more labour shortage results by sector, region, and organization size, see [Appendix E](#).







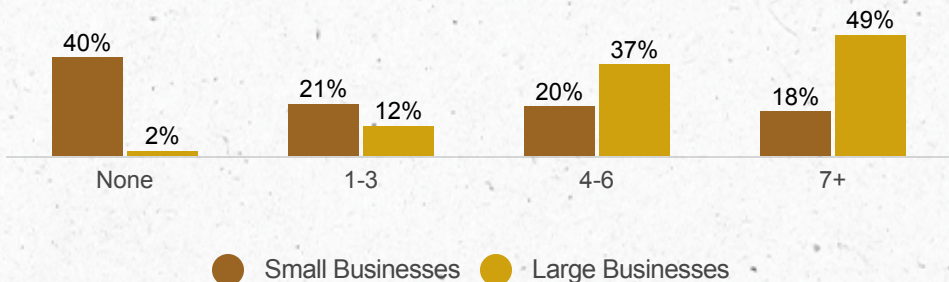
### Employee Health and Well-Being

While workers' health has always been critical to economic prosperity, the COVID-19 pandemic has elevated both challenges to their well-being and efforts to address them.

Physical health is a top priority for employers as the transmission risks of COVID-19, the flu, respiratory syncytial virus (RSV), and other respiratory viruses continue to underscore that a healthy economy requires healthy people. Sick day policies have evolved accordingly; many businesses that can afford to offer their workers more generous paid sick day programs have done so and the Province stepped in to offer a temporary government-paid program to help fill in the gaps, which is currently set to expire in March 2023.

According to our survey, **most organizations offer paid sick leave to their permanent employees (64 percent), but there is a gap among smaller businesses** (Figure 11). Across industries, paid sick days are less common in the food and accommodation services, transportation and warehousing, and administrative and waste sectors – many of which are facing both staffing shortages and financial pressures that making it challenging for them to extend employer-paid days. In deciding whether to end, extend, or amend the taxpayer-funded program, the Ontario government must consult extensively to prevent adverse consequences to those businesses.

**Figure 11: Number of employer-paid sick days (small vs. large businesses)**



Meanwhile, experts are calling attention to an echo pandemic of mental health concerns as Ontarians have had to grapple with increased uncertainty, anxiety, grief, and burnout. In 2023, similar to previous years, 78 percent of survey respondents agree that employee mental health and well-being is important to their organization's success.

For more sick day results by organization size and sector, see [Appendix F](#).

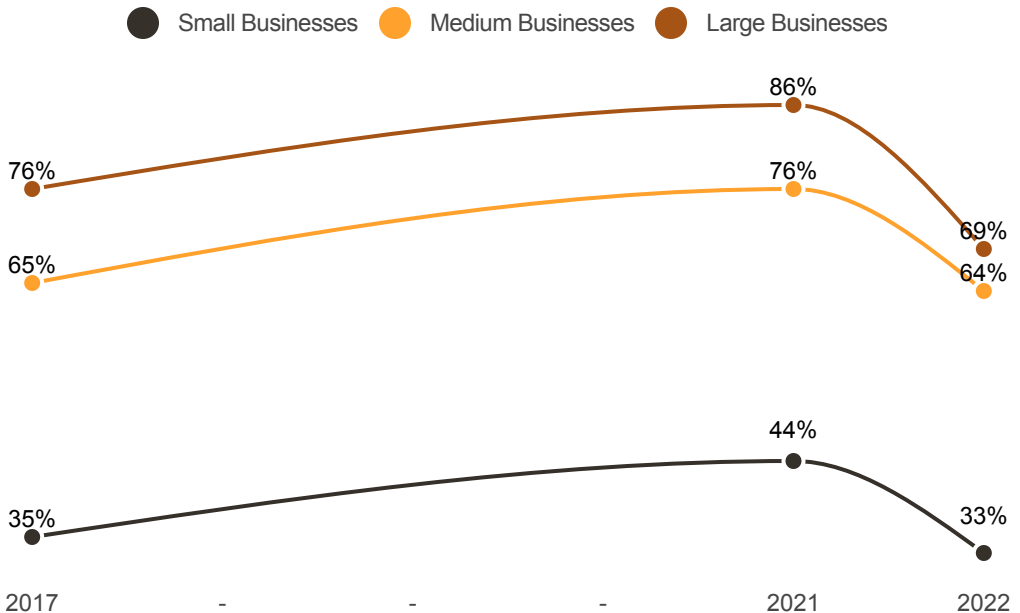


However, **there remains a mental health action gap**, with only 37 percent of organizations saying they have a formal strategy to support employee mental health and well-being, and considerably fewer small businesses do than large ones (33 percent vs. 69 percent).

In fact, this action gap remains unchanged **since 2017**, when a similar share of organizations had formal strategies. During the pandemic, there was a meaningful increase in the prevalence of mental health and well-being strategies, but that progress seems to have regressed this year (Figure 12). This could be a sign that many businesses have had to shift resources away from this priority in order to manage inflation, labour shortages, and other day-to-day challenges.

As noted above, access to mental health and addiction services is the second largest policy priority for large businesses, suggesting they see a bigger role for government in addressing the mental health and well-being of Ontarians.

**Figure 12: Organizations with formal strategies for employee mental health and well-being**



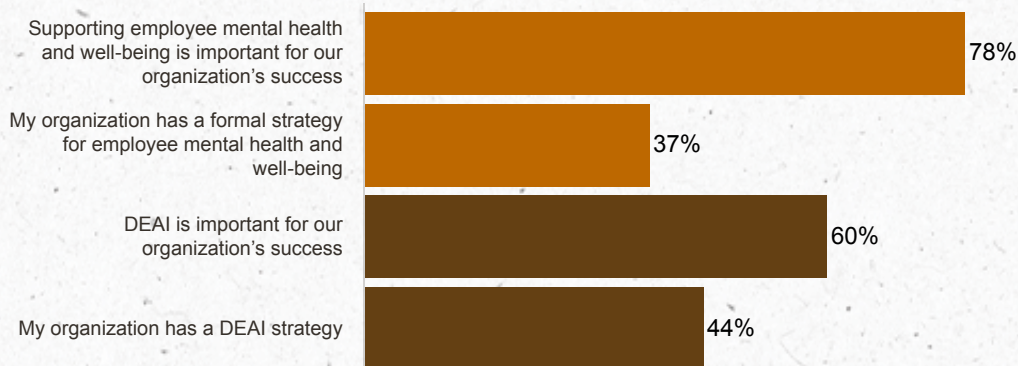




Notably, **diverse-led businesses are more likely to offer paid sick days and have mental health and well-being strategies.** This is particularly true among organizations led by recent immigrants, visible minorities, and Indigenous persons.

Diversity, Equity, Accessibility, and Inclusion (DEAI) is also emerging as a business priority as there is growing awareness around the [business case for DEAI among employers](#). Across Ontario, 60 percent of survey respondents see DEAI as important to their organizations' success with 44 percent having strategies in place (although 73 percent of large businesses have a strategy). DEAI strategies are especially lacking in the transportation and warehousing, manufacturing, construction, agriculture/ forestry, and real estate sectors.

**Figure 13: Business perspectives on employee well-being and DEAI**



### Succession Planning

By 2030, the number of seniors aged 65 and over in Ontario is projected to almost double.<sup>ii</sup> As our population ages, a sizeable share of business owners are set to retire and face a decision of whether to transfer ownership, change their ownership model, or close their doors permanently. **Among business owners in our survey, 41 percent expect to retire or sell their business within the next 10 years. Most of those businesses are small and medium-sized, and they are distributed across regions.**

Further, only 18 percent of business owners have completed a succession plan. Another 29 percent say they are in the process of completing one, while 44 percent do not have a succession plan in place nor are in the process of completing one. Non-profits are more likely to have succession plans in place than for-profit businesses. By contrast, the biggest gaps in succession planning are seen among sole proprietorships (one-person companies), along with businesses in the retail; arts, entertainment, and recreation; and accommodation and food services sectors.



### Climate Change

**Climate action** is a growing focus for Ontario businesses as they set increasingly ambitious net-zero targets and work to manage the growing risks of climate change on their operations. When asked whether sustainability or climate action is a priority for them, two-third of organizations agreed. The attention is higher among post-secondary institutions (76 percent) and non-profits (70 percent).

Diverse-led organizations are also significantly more likely to prioritize climate action, including those led by 2SLGBTQIA+ individuals (78 percent); visible minorities (76 percent); Indigenous persons (75 percent); persons with disability (74 percent); and recent immigrants (73 percent).

Achieving climate targets remains a challenge for businesses, with 52 percent saying they feel prepared to achieve environmental or emissions-reduction goals. On average, there is a greater sense of preparedness among publicly-traded companies (91 percent) – as regulators increasingly require them to disclose climate risks – and large businesses (78 percent).

Among the least prepared are real estate businesses (41 percent) and non-profits (43 percent). The main barriers reported include: capital costs, lack of guidance, low return on investment, and an uncertain or changing policy landscape.

**Figure 14: Climate action within Ontario businesses**







### Economic Reconciliation

Another growing priority for Ontario businesses is economic reconciliation.

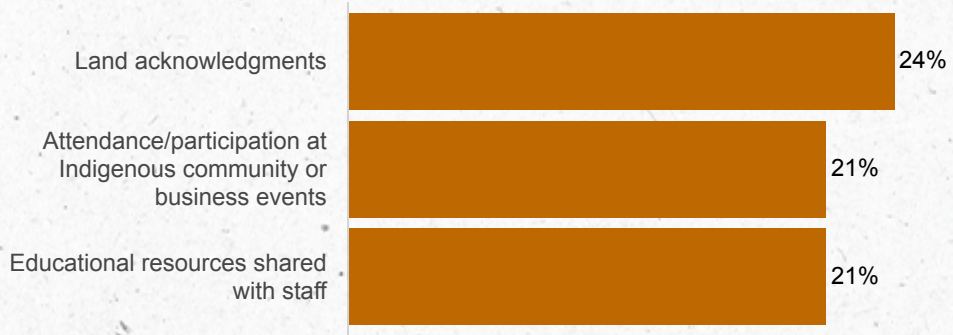
Non-Indigenous businesses across the province are taking steps to build mutually beneficial relationships with Indigenous peoples and support stronger Indigenous economic outcomes, reflective of Call to Action 92 of the Truth and Reconciliation Commission.

However, as discussed above with mental health, there is an action gap. **Land acknowledgements are the most common measure that organizations have in place to advance reconciliation**, followed by: attending Indigenous community or business events, and sharing educational resources with staff (Figure 15).

Far less common are revenue-sharing agreements (3 percent) and procurement policies (5 percent) – although these may not be relevant to all businesses. Additional gaps are seen with respect to audits of workplace policies and procedures that promote reconciliation (5 percent), hiring strategies (11 percent), and community investments (14 percent).

**Twenty-one percent of all businesses say they have not adopted any reconciliation measures at all, and 31 percent don't know or feel it does not apply to their organizations.** Non-profits, publicly traded companies, post-secondary institutions, and diverse-led businesses are significantly more likely to have taken steps. By contrast, there is a larger deficit among businesses in the construction, manufacturing, transportation and warehousing, and wholesale trade sectors – signaling a strong need for further education, information, support, and accountability.

**Figure 15: Top 3 reconciliation actions**



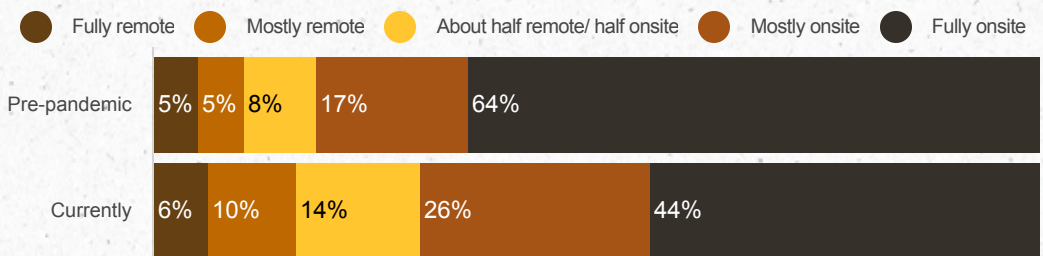


### Remote Work

As Ontario's economy reopened after a period of pandemic-induced lockdowns, virtual and hybrid working arrangements have persisted within many organizations. **The share of workplaces doing most of their work in person has dropped to 70 percent**, from 81 percent before the pandemic (Figure 16). This reflects a slight return to in-person from last year. However, fully remote working arrangements remain relatively uncommon and unchanged.

Hybrid work remains considerably more common in predominantly urban regions (Toronto, London, Ottawa, and the Kitchener-Waterloo-Barrie region), and least common in the Stratford-Bruce Peninsula, where there is a larger share of skilled trades and tourism-related work. Small businesses are more likely to be operating primarily in-person than large ones.

**Figure 16: Use of remote working arrangements (pre-pandemic vs. current)**







Section II:

## Ontario's Economic Outlook



Unless noted otherwise, the following analysis uses forecasted data made available January 9th, 2023.

## Provincial Analysis

Following a strong rebound in economic output of 5.2 percent in 2021, Ontario's economy began to show signs of cooling near the end of 2022, with real GDP growth at 3.2 percent. Much of that growth was driven by employment gains, high exports due to elevated global demand, and an accumulation of inventories as supply chain bottlenecks cleared up.

While real GDP remains above the pre-pandemic level seen in 2019, rising interest rates, higher debt servicing costs, weakened investments, and muted consumer spending will ultimately curtail economic output this year. This is consistent with the record-low business confidence witnessed in this year's survey. As such, Ontario's economy is forecasted to contract by 0.4 percent in 2023, alongside elevated inflation at 4.2 percent, meager employment growth of 0.5 percent, and a 22 percent decline in housing starts (Table 3).

The economic slowdown observed in the second half of 2022 began prior to major interest rate hikes announced during that period, suggesting we have yet to feel the full economic impact of those changes.

**Table 3: Key economic indicators**

*Source: Bank of Montreal (BMO)*

	Pre-pandemic		Pandemic		
	2019	2020	2021	2022	2023f
Real GDP (% change)	2	-4.7	5.2	3.2	-0.4
Consumer Price Index (% change)	1.9	0.6	3.5	6.8	4.2
Employment Growth (% change)	2.8	-4.7	4.9	4.3	0.5
Jobless (%)	5.6	9.6	8.0	5.6	6.5
Population (% change, age 15+)	1.9	1.5	1.0	1.4	1.5
Housing Starts (thousands)	68.9	81.3	101.2	92.0	72.0





### Current Risk Factors

The past three years have been riddled with economic issues for Canada and the world. Geopolitical instability, labour market challenges, and inflation have led to another difficult year for households and businesses, as seen in the results of the Business Confidence Survey. Ultimately, Ontario's economy has yet to feel the full, residual impacts of these challenges.

### Global Uncertainty

The sudden invasion of Ukraine by Russia in February 2022 left the global economy reeling. It exacerbated existing global commodity shortages, supply chain bottlenecks, and rising costs for businesses and households around the world.

Sharp increases were observed in food, energy, and commodity prices. For example, the Ukraine war led to a 5,000 percent increase in the price of neon gas (an input used to make semiconductors) by August 2022. This drastic price increase has significantly impacted industries that are still facing chip shortages amplified by the pandemic; namely, the auto, auto parts, and consumer electronics industries.<sup>iii</sup>

Inflation is being felt in countries around the world. After reaching 8.2 percent in 2022 in G20 economies, the rate is projected to decline to 6.5 percent in 2023 in response to inflation-targeting policies and the easing of supply disruptions.<sup>iv</sup> Meanwhile, wage growth and disruptions in the energy sector are likely to continue pushing prices upward.

Ontario's households and business community are not immune to the price shocks caused by geopolitical risks, especially since both food and energy make up a large portion of the average household's monthly expenses.

Given these challenges, global growth is expected to soften to 2.3 percent in 2023, down from 3 percent in 2022. This represents a significant downward adjustment from the level seen before the war in Ukraine. As a trade-oriented province, the anticipated global economic slowdown will likely worsen the decline in economic activity forecasted for Ontario in 2023.

Conversely, China's recent retraction of its zero-COVID policy is likely to boost economic activity in Asia and bolster the global supply of goods. At the same time, this may also contribute to upward inflationary pressures.



On a positive note, the cost of inputs has risen at the slowest pace in two years, contributing to muted output inflation.<sup>v</sup> Reduced demand, improving supply conditions, and tightening monetary policies should help subdue global inflationary pressures.

Ultimately, the changing geopolitical landscape, coupled with supply chain challenges, have led governments and businesses to re-assess their risk management strategies and develop policies that will better protect against future crises. Going forward, it will be important to assess the economic and business impact of evolving trade policies and greater adoption of 'friend-shoring'.<sup>2</sup>



<sup>2</sup> The activity of a country redirecting its supply chains away from nations pursuing destructive or belligerent policies to more stable and peaceable nations.





### Labour Market Challenges

Once again, Ontario's labour market saw positive employment growth, increasing 4.3 percent in 2022. Meanwhile, the unemployment rate also proved favourable after falling from 8 percent in 2021 to the pre-pandemic level of 5.6 percent in 2022.

For 2023, forecasts by the Bank of Montreal indicate a cooldown in the labour market, with employment growing a mere 0.5 percent and unemployment increasing to 6.5 percent.

Since the economy fully re-opened about a year ago, Ontario's labour market has been characterized by a surge in demand for labour, resulting in tight labour market conditions accompanied by wage growth. While these factors are typically favourable for offsetting sustained economic slowdowns, they can also contribute to demand-driven inflation.

Job vacancies are most pronounced in food and accommodation services (9.9 percent job vacancy rate), construction (6.6 percent), administrative and support services (6.5 percent), health care (6.4 percent), retail (5.5 percent), professional, scientific, and technical services (5 percent), finance and insurance (4.7 percent), and manufacturing (4.4 percent). While many of these industries have long faced issues with attracting talent, labour shortages have nearly doubled – and in some cases more than doubled – relative to pre-pandemic levels.<sup>vi</sup>

Compounding these labour challenges is the record pace of net interprovincial migration<sup>3</sup> losses for Ontario, which further reduces the local labour supply pool. Net losses began as early as the first quarter of 2020, but have since been increasing, with a reported net loss of 11,581 persons in the third quarter of 2022 alone – the largest loss quarter-over-quarter for the province since 1980.<sup>vii</sup> Major factors behind this trend include poor housing affordability and more opportunities for remote work.

Long-term unemployment, on the other hand, has shown improvements in the last year, decreasing from 28 percent in December 2021 to 22 percent in December 2022 – returning close to pre-pandemic levels.<sup>viii</sup>

These changes to the domestic supply and composition of labour are putting upward pressure on compensation. According to Canada's Labour Force Survey, the year-over-year average hourly wage increased 5.5 percent to \$32.84 in December 2022.<sup>ix</sup>

<sup>3</sup> Interprovincial migration represents movements from one province or territory to another, involving a change in usual place of residence. A person who takes up residence in another province or territory is an out-migrant with reference to the province or territory of origin, and an in-migrant with reference to the province or territory of destination



Looking ahead, wage pressures should begin to retreat in response to higher immigration intakes, more stability in remote/hybrid/in-person work arrangements, and the delayed impacts of lower consumer spending.

### Inflation

Much like 2021, a defining trend in 2022 has been record-high inflation.

Inflation as measured by the Consumer Price Index (CPI) rose 8.1 percent year-over-year in December 2022, following a 6.8 percent increase in November, and hit a near four-decade high at 8.1 percent in June 2022.<sup>x</sup> Most of last year's increases in the CPI were the result of global supply shocks from unresolved supply chain issues as well as the war in Ukraine.

Energy and food prices were among the largest driving forces behind CPI increases in 2022. While gasoline prices recently fell 3.6 percent month-over-month in November 2022, they have increased by a staggering 13.7 percent year-over-year relative to November 2021, prior to the Ukraine war.

Conversely, grocery prices continue to rise at a faster pace. Food prices in Ontario remain elevated after growing another 1.4 percent in November 2022, with year-over-year prices increasing nearly 9 percent.<sup>xi</sup>

Energy and food were not the only prices to increase. Ongoing supply chain bottlenecks, commodity shortages, labour shortages, and global demand growth were responsible for many of the price increases seen last year. Importantly, higher transportation costs and prices at the producer level – both inputs and commodities – have a direct impact on consumer prices as well.

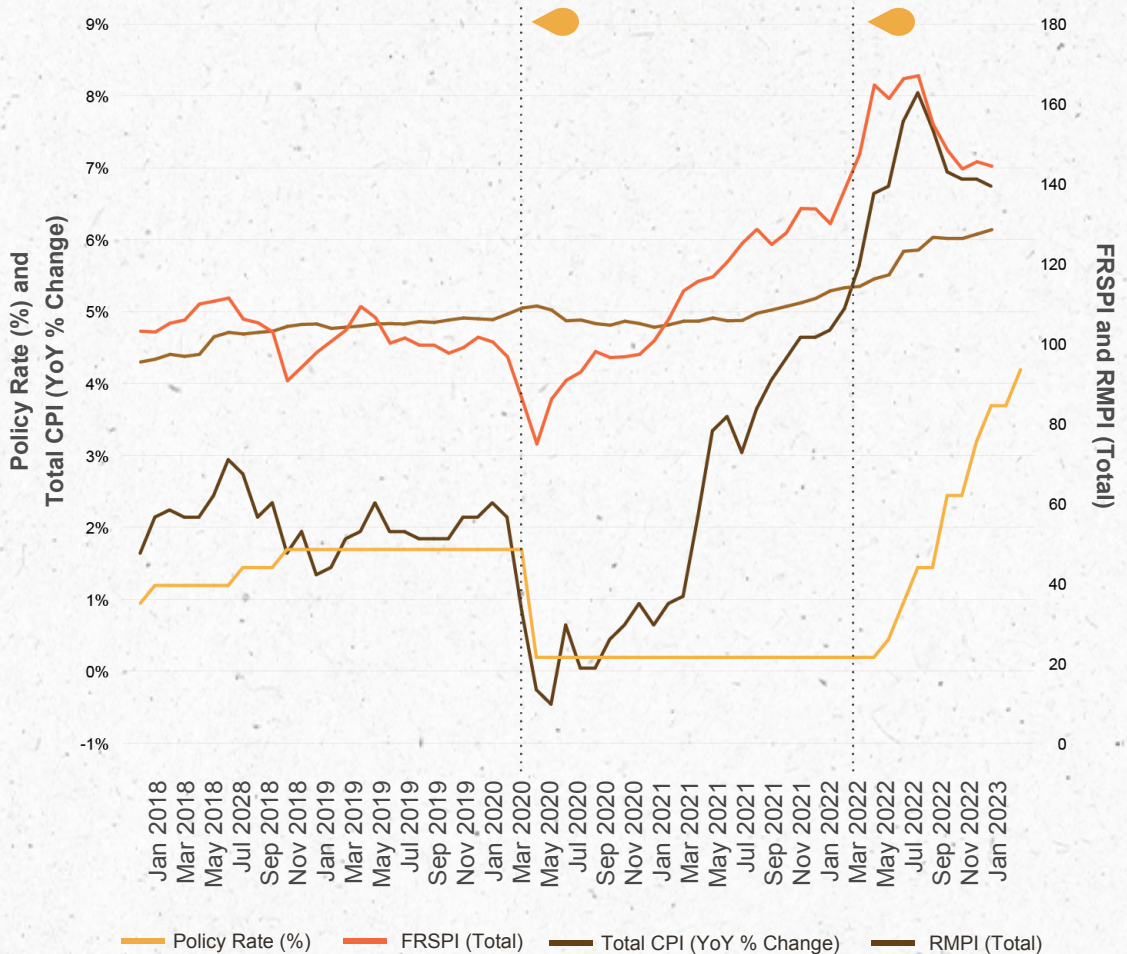
Figure 17 illustrates a second round of price hikes for the CPI, Raw Materials Price Index (RMPI) and Freight Rail Services Price Index (FRSPI) immediately after the Ukraine war began and continuing well into the first half of 2022. By mid-2022, FRSPI began to decelerate while the RMPI began to fall. All measures remain above pre-pandemic norms, and all measures apart from the RMPI also remain above pre-war levels.





Figure 17: Interest and inflation from January 2018 to December 2022 (Canada)

Source: Statistics Canada, Bank of Canada



**Total Consumer Price Index (CPI):** measures changes in prices experienced by Canadian consumers by comparing the costs of a representative basket of goods and services.

**Raw Materials Price Index (RMPI):** measures prices for raw materials purchased by Canadian manufacturers for further processing.

**Freight Rail Services Price Index (FRSPI):** measures price changes of commodity shipments by the freight rail industry.



In March 2020, at the outset of COVID-19, the Bank of Canada slashed interest rates three times, dropping the rate from 175 basis points (pre-pandemic) to a record-low of 25 basis points as a means for boosting economic activity amid a sharp decline in global and domestic markets. The rate stayed this low for two years before seeing its first increase in March 2022 in response to rapid inflation.

Figure 17 illustrates when the Bank of Canada first introduced its quantitative tightening agenda, doubling the policy interest rate from 25 basis points to 50. The rate has since increased seven times and currently sits at 425 basis points. Since higher rates mean higher borrowing and debt servicing costs, they typically lead businesses and consumers to spend less, thereby driving down the demand for goods and services, and with that, prices. Early data suggests the higher interest rates are having an impact on prices, with the CPI beginning to trend downward as early as July 2022.

Forecasts suggest the CPI will linger well-above the Bank of Canada's 2 percent target in 2023 at 4.2 percent. Despite expectations for an economic slowdown and muted demand, interest rates are likely to remain elevated in the year ahead. An additional hike is also likely should inflation remain persistent or reverse course and once again trend upwards.

### Government

Throughout the pandemic, the provincial and federal governments adopted monetary and fiscal policies to help drive and sustain economic activity amid unprecedented uncertainty. While inflation has resulted in the deterioration of purchasing power, higher nominal GDP growth did provide windfall gains for the Ontario government, putting Ontario's fiscal starting point and net debt-to-GDP ratio in a better position than previously forecasted.

The net debt-to-GDP ratio is now projected to be 38.4 percent in 2022-23, lower than the 41.4 percent forecast provided in Ontario's 2022 Budget.<sup>xii</sup> Last year's forecasts also predicted Ontario would see a budget deficit of \$21.5 billion (representing 2.3 percent of the province's GDP) as opposed to the current \$2.1 billion surplus expected for fiscal year 2021-22. However, much of these gains will quickly deplete as costs are incurred to support economic recovery in 2023, once again producing a budget deficit close to \$13 billion (Table 4).

**Table 4: Government budget balance<sup>xiii</sup>**

Source: Bank of Montreal (BMO)

	Fiscal Year 2021-2022 (expected)		Fiscal Year 2022-2023 (forecasted)	
	\$ millions	% of GDP	\$ millions	% of GDP
Ontario	2,100	0.2	-12,900	-1.2
Canada	-90,212	-3.6	-36,400	-1.3





Rising interest rates also typically mean higher public debt servicing and borrowing costs. But with borrowing locked in at low, long-term rates, the province's ability to service these costs should not grow significantly in the short- to medium-term nor hinder the government's ability to fund critical investments.

While all levels of government should maintain fiscal prudence as interest rates rise along with debt servicing costs, it will be important for governments to continue to invest in supply-side policies to avoid fueling inflation further, build market capacity, and ensure greater productivity overall. This includes modernizing regulatory frameworks and investing in innovation, workforce development strategies, critical infrastructure, transportation and public transit, health care system capacity, and green initiatives.

Lastly, it is imperative for governments to closely monitor and assess the financial condition of businesses still recovering from the pandemic as they navigate lasting impacts of supply chain delays and disruptions, labour shortages, inflation, and higher interest rates.

### Commercial

As discussed above, businesses continue to face a slew of economic hurdles, including ongoing labour shortages, inflation, and higher borrowing costs.

Unsurprisingly, total business investment spending continued to fall in 2022 with a decline of 3.2 percent in the third quarter, following a drop of 4.3 percent in the prior quarter.<sup>xiv</sup> Fears of a looming recession accompanied by slower consumer spending and higher interest rates going into 2023 may disincentivize business investments further.

During the first year of COVID-19, Ontario saw shortages of goods across the board. After months of empty shelves, 'out-of-stock' notices, and delays in product delivery, businesses were quick to top up their inventories in the wake of improving supply chain bottlenecks and the global supply shock caused by the Ukraine war.

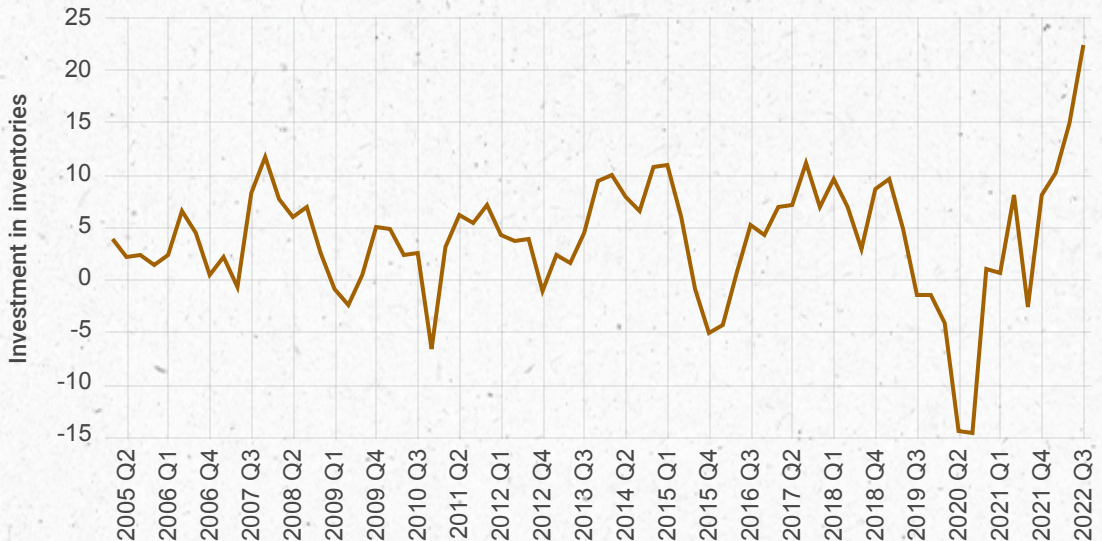
Reflecting this was the record-low amount of business inventory throughout 2020, hitting a peak low of -\$14.6 billion during the third quarter. As of the third quarter of 2022, businesses accumulated inventories valued at \$22.4 billion (Figure 18).<sup>xv</sup>

The challenge for businesses going forward will be to ensure these products do not become too old to sell or obsolete, especially given expectations for a decline in economic activity and consumer spending.



**Figure 18: Investment in inventories, annual, seasonally adjusted, millions of chained (2012) dollars**

Source: Ministry of Finance (Ontario Economic Accounts)



In last year's OER, we reported doggedly low rates of bankruptcies and insolvencies, likely the result of pandemic-related government support programs. More recent data suggest business insolvencies, bankruptcies, and proposals are now on the rise. This turnaround comes off the heels of the reduction in government support programs, high inflation, and rising interest rates. By the end of September 2022, Ontario business bankruptcies increased by nearly 35 percent year-over-year, and proposals by almost 25 percent.<sup>xvi</sup>

On a positive note, labour market conditions should find some reprieve in 2023 as immigration picks up in response to aggressive targets recently announced by Immigration, Refugees and Citizenship Canada. Ontario's population aged 15 and up increased by 1.4 percent in 2022 (compared to 1 percent in 2021), with forecasts indicating the population will edge upwards by 1.5 percent in 2023.

Over the next 12 months, the province's business community is expected to continue facing a myriad of challenges. The residual effects of COVID-19, supply chain disruptions, and labour challenges, combined with high inflation, input costs, and transportation costs, mean a lengthier recovery period than initially anticipated.





### Households

Consumer spending started off strong throughout the first two quarters of 2022. Excess household savings, inventory restocks as supply chain bottlenecks cleared, and pent-up demand carried over from 2021 helped sustain a larger spending volume.

Household consumption rose by 3.6 percent during the second quarter of 2022 and was the key driver for provincial economic growth. Similar to 2021, the jump in household consumption was primarily led by an increase in spending on semi-durables such as clothing and footwear (7.6 percent). Ontarians also increased their spending on services (3.8), non-durables (2.9), and durable goods (1.8).<sup>xvii</sup>

By the third quarter, household consumption spending began to show signs of cooling. After four consecutive quarterly gains, spending declined 0.9 percent. With the exception of spending on services – which grew another 1.3 percent – spending across all categories fell.<sup>xviii</sup>

Looking ahead, with many households currently on fixed-term mortgages, the real impact of consecutive interest and prime rate hikes will likely sharpen the impact on consumer spending and real GDP growth come renewal time. However, the tight labour market and increasing employee compensation may help offset a steep and prolonged decline in consumer spending.

Ontario's household savings rate also declined last year. During the third quarter of 2022, the rate was 6.9 percent compared to 10.3 percent during the same period in 2021. However, Ontario's households continue to save substantially more than they did prior to the pandemic (on average). During the third quarter of 2019, households were spending more than they were earning, with a -1 percent household savings rate.<sup>xix</sup>



One of the largest outlets for household savings and disposable income in the early days of the pandemic was the housing market. Housing starts hit a record-high of around 101,000 in 2021 but have since begun to ease after dropping to 92,000 in 2022 (Table 5).

Many households in the province now hold a significant amount of debt in the form of mortgages, leaving them vulnerable to higher interest rates. To date, rising interest rates have had a considerable impact on housing market activity and will likely continue to fuel a housing correction in the year ahead. Average home prices only grew by 4.5 percent annually in 2022 compared to almost 25 percent the year before and are expected to decline 11.4 percent in 2023.

**Table 5: Ontario housing prices, sales, and housing starts<sup>xx</sup>**

Average annual % change, unless noted otherwise

Source: TD Bank, Bank of Montreal (BMO)

	2019	2020	2021	2022 (expected)	2023 (forecasted)	2024 (forecasted)
Existing Home Prices	6.2	15.3	24.9	4.5	-11.4	1.7
Home Sales	8.9	8.9	18.6	-32.7	-15.5	24.4
Housing Starts (000s)	68.9	81.3	101.2	92.0	72.0	67.0

One trend worth watching in the year ahead will be the impact of population growth on housing supply and prices. Immigration, Refugees and Citizenship Canada recently announced it would welcome 465,000 new residents in 2023, 485,000 in 2024, and 500,000 in 2025. Past trends tell us many of these new residents will choose to settle in Ontario.

On the one hand, an influx in residents will help fill immediate job vacancies and address ongoing labour shortages, including those in residential construction and its supportive industries. Adequate labour supply in these industries will be critical for building more homes and promoting greater housing affordability – factors that are currently affecting the ability of businesses to attract and retain talent locally. On the other hand, higher immigration and population growth could also apply upward pressure on the average price of homes due to limited housing supply and existing capacity constraints.



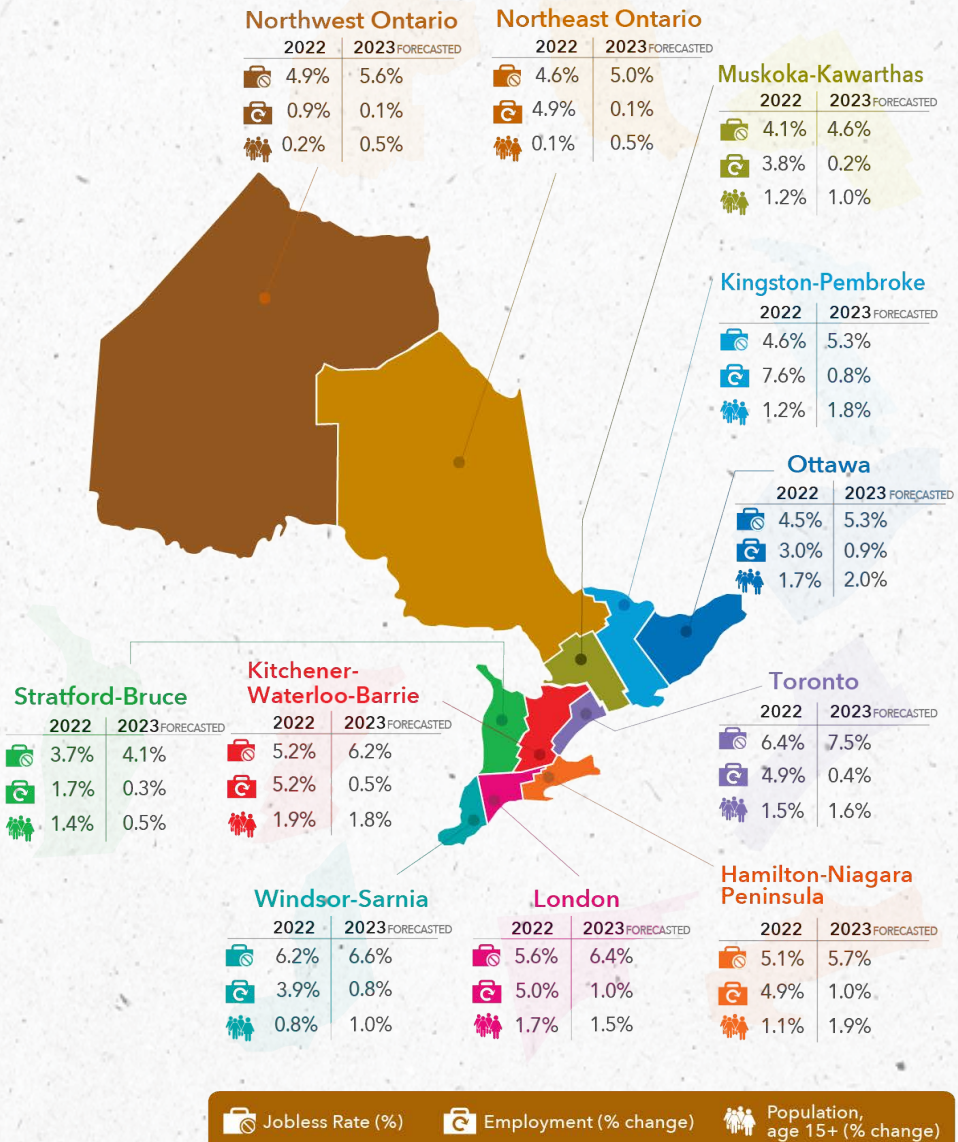


## Regional Economic Analysis

Figure 19 illustrates the 2022 expected and 2023 forecasted values of three key economic indicators for Ontario's 11 economic regions as defined by Statistics Canada: the jobless rate, change in employment, and change in population (ages 15 and older).

**Figure 19: Regional key economic indicators**

Source: Bank of Montreal (BMO)





In 2022, population continued to rebound across all economic regions following a year of slower-than-normal growth. The highest growth rates were seen in Kitchener-Waterloo-Barrie (1.9 percent), London (1.7), Ottawa (1.7), and Toronto (1.5), and are partly attributed to advances in immigration. The notable population increases are also likely due to a rise in the number of students returning to in-person studies, especially since these regions have a high concentration of post-secondary institutions.

Even stronger population growth is expected for most economic regions in 2023, with minor declines in the pace of growth for Muskoka-Kawarthas, Kitchener-Waterloo-Barrie, London, and Stratford-Bruce Peninsula. The largest gains are anticipated in Ottawa (2 percent growth), Hamilton-Niagara Peninsula (1.9), Kingston-Pembroke (1.8), and Kitchener-Waterloo-Barrie (1.8).

Following a steep decline in 2020, the labour market saw strong gains throughout 2021 and into 2022. Employment growth was highest in Kingston-Pembroke (7.6 percent), followed by Kitchener-Waterloo-Barrie (5.2), London (5), Toronto (4.9), Hamilton-Niagara Peninsula (4.9), and Northeastern Ontario (4.9), all of which were above the provincial rate of 4.3 percent (Figure 20). Most of these regions are home to large urban centres that saw robust job creation and recovery in 2022.

Ontario's Staycation Tax Credit and the removal of all Canadian travel and border restrictions last year likely promoted greater spending activity in tourism-heavy regions like Kingston-Pembroke and Hamilton-Niagara Peninsula, proving favourable for local employment growth.

Most notably, Northeastern Ontario saw an uncharacteristically high rate of employment growth in 2022 of 4.9 percent, beating last year's forecast estimate of only 2 percent. For context, pre-pandemic employment in the region grew by only 1.5 percent in 2018 and a mere 0.7 percent in 2019. This year's annual Business Confidence Survey also found Northeastern Ontario businesses were most confident which is largely owed to the region's incredible job growth in 2022. YMCA Northeastern Ontario Employment and Immigration Services reported between 50 to 80 new job postings every week – an amount that was historically unheard of.<sup>xxi</sup>





In 2022, all regions of Ontario saw moderate-to-strong growth in both population and employment courtesy of the surge in immigration and job creation.

The year-over-year (YoY) unemployment rate also improved significantly. The largest improvements made in this category were seen in Muskoka-Kawartha (dropping by 3.5 percent YoY), Kingston-Pembroke (down 3.1 percent YoY), Toronto (down 2.9 percent YoY), and Hamilton-Niagara Peninsula (down 2.8 percent YoY).

Last year, with the exception of four economic regions (Toronto, London, Kitchener-Waterloo-Barrie, and Hamilton-Niagara Peninsula), Ontario's regional economies saw unemployment rates dip below 2019 pre-pandemic levels. This observation further indicates a tight labour market – one that affects most of the province.

Moreover, lower unemployment rates were reported in areas that traditionally have higher joblessness and aligns well with mobility trends within the province. Poor housing affordability in the Greater Toronto Area and surrounding areas, coupled with an increase in remote work opportunities, drove many individuals to bedroom communities and regions with comparatively lower housing prices.

Meanwhile, growth and recovery appear to move slower in some regions over others. The unemployment rate remained elevated relative to pre-pandemic levels for Toronto (6.4 percent), London (5.6), Kitchener-Waterloo-Barrie (5.2), and Hamilton-Niagara Peninsula (5.1). As larger metropolitan areas, this is likely due, in part, to ongoing labour shortages in tourism, food and accommodation services, entertainment, and retail – industries that are important to these regions.

Looking ahead, as economic activity slows in 2023, the jobless rate is forecasted to increase in all 11 regions. The highest increases are expected in Toronto (7.5 percent) and Kitchener-Waterloo-Barrie (6.2 percent), where immigration will play a role in boosting labour supply and the number of individuals seeking out employment.

Additionally, some of the largest employment gains seen throughout the pandemic were in the tech sector in response to growing demand for consumer electronics and e-commerce goods. As major tech hubs in Ontario, the Toronto and Kitchener-Waterloo-Barrie regions may see more layoffs in 2023 as consumer spending weakens.



Windsor-Sarnia saw the steepest employment drop (-11 percent) in the first year of the pandemic. This was largely attributed to restrictions on travel and cross-border trade, as well as the impact of supply chain disruptions on transportation, distribution, warehousing, and wholesale trade industries – all of which are important to the regional economy. The region made some headway in 2021, with employment growing 8.7 percent, and continued its rebound last year after growing 3.9 percent. This recovery is likely owing, in part, to pent-up demand, the easing of supply chain backlogs, and relaxation of border restrictions.

While the strong labour market is indicative of a resilient provincial economy, it will likely weaken in the year ahead as the economy begins to feel the impact of higher interest rates. As such, employment growth is forecasted to be no greater than one percent across all regions in 2023.

Overall, regions across Ontario will continue to experience growth in both employment and population – albeit some more than others. While many new immigrants will likely settle in larger urban areas, greater housing affordability and flexibility in work arrangements may continue to attract new residents to non-urban areas as well. Robust population growth will also help ameliorate labour shortages and strengthen demand for consumer goods and services.

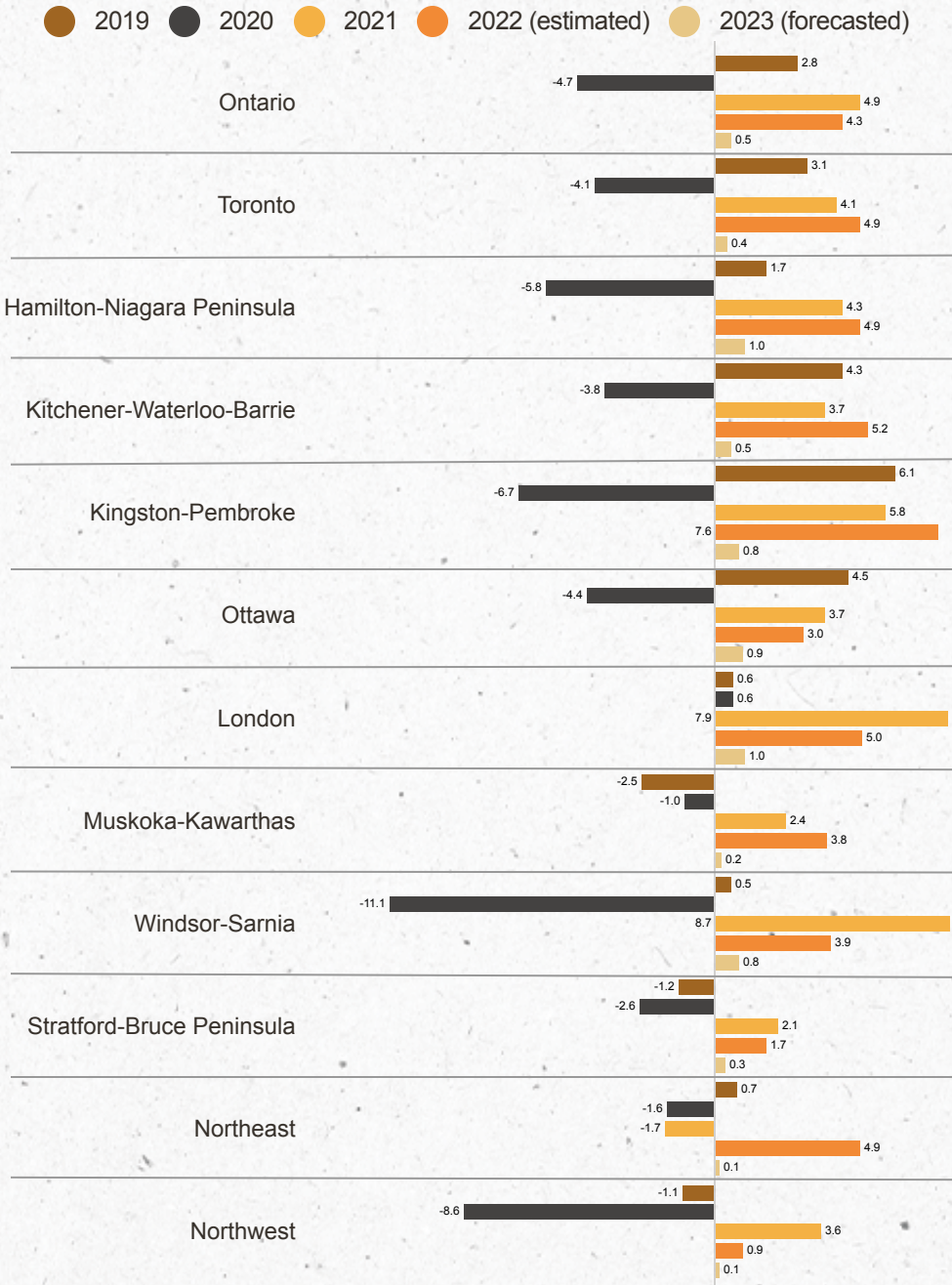




## Figure 20: Employment growth as a percentage change by region

Employment (% Change)

Source: Bank of Montreal (BMO)





### Section III:

## Growth and Resilience in Uncertain Times

Going into 2023, businesses and households are acutely aware of the economic uncertainty that lies ahead. Many are directly feeling the impacts of inflation, rising interest rates, labour shortages, supply chain backlogs, and the impact of respiratory viruses on workers and the health care system.

While many of those challenges are global, there is a great deal that domestic policymakers can do to foster competitiveness, productivity, and long-term economic growth. Ontario's low long-term borrowing costs and current budget surplus should allow the government to continue making critical investments in 2023.

With that in mind, the Ontario Chamber of Commerce recently released [Supporting Economic Growth in Uncertain Times](#), outlining principles that should inform Ontario's growth strategy.

That document – along with the data contained in this year's OER – point to the following priorities for the Government of Ontario and businesses to address in the year ahead.





### 1. Inclusive Workforce Development

As most businesses in Ontario deal with labour shortages and skills gaps, it is no surprise that the second highest policy priority among organizations in 2023 is [workforce development](#). As part of the solution to filling those gaps, Ontario must work with the federal government to expand immigration intakes and build the housing, transit, and other infrastructure needed to support the integration of newcomers.

A strong workforce is an inclusive one. Policymakers, post-secondary institutions, and employers each have a role to play in alleviating barriers to labour market participation for equity-deserving groups – including Indigenous peoples, persons with disabilities, women, visible minorities, lower-income, and 2SLGBTQIA+ individuals.

Together, stakeholders will need to develop targeted workforce strategies for sectors with the biggest staffing shortages, including educational services, tourism (accommodation and food services), and construction, building on the work the Ontario government has been doing to encourage more people to enter into the [skilled trades](#). The workforce of tomorrow will require nimble training options and fewer barriers to labour mobility across Canada and internationally.

### 2. Growth-Enabling Infrastructure

A productive and resilient economy is built on good physical infrastructure (such as [housing](#), broadband, energy systems, public transit, roads, and hospitals) as well as social infrastructure (such as [child care](#) and mental health and addiction services). Ontario's infrastructure is funded through a combination of private and public investments, with all three orders of government involved. As such, collaboration is essential to ensure smart planning and [adequate resourcing](#).

Ontario's built environment needs to be [climate resilient](#) and designed in a way to support future technologies. [Sourcing of materials](#), and the [movement of both products and people](#), must be efficient. Procurement of infrastructure must also be modernized to ensure long-term value-for-money, attract competitive investments into Ontario, and support diverse entrepreneurs (such as Indigenous business owners). On the energy side, the government must continue to [attract low-carbon supply](#), [build out critical transmission lines](#), and prioritize the development of a long-term integrated plan built around affordability, reliability, and sustainability. Finally, to bolster supply chains, Ontario needs a local manufacturing strategy and efficient transportation systems across air, rail, land, and marine infrastructure.





### 3. Small Business Prosperity

Our data shows small businesses are less confident and less likely to be growing than large businesses. This year, they are especially concerned about rising costs and their ability to repay debt as interest rates climb, particularly as temporary government relief programs are phased out.

Small businesses' survival and growth in the year ahead will have a ripple effect on jobs, innovation, competition, and local community well-being. As such, policymakers will need to consult with business owners to understand the kinds of policies and programs required to support them, including decisions around the future of Ontario's sick day program and [portable benefits framework](#). Further, as many Ontarians age out of the workforce, succession planning and the next generation of entrepreneurs will be critical.

### 4. Innovation Ecosystem

A common thread underpinning everything in this report is the need for innovation. Without innovation, there cannot be progress on workforce development, health care resilience, supply chains, or productivity.

Innovation is about generating new value, both from existing industries and emerging ones (such as [hydrogen](#) and [cannabis](#)). Ontario needs to unleash the capacity for that value creation in both the public and private sectors through [data](#) and digital infrastructure, [technology adoption](#), research and commercialization, [virtual health care](#), and modernization of procurement.

Importantly, innovators require a stable and predictable environment in which they can confidently invest in the future while shielded from inordinate swings in policy direction. Governments can use various tools to minimize uncertainty in different spheres – including [harmonizing privacy legislation with international norms](#) and [using contractual mechanisms to protect businesses from changes in carbon pricing](#).

Against the backdrop of rising interest rates and inflation, constrained supply chains, workforce woes, and low business confidence, Ontario needs a coherent and coordinated strategy for long-term economic growth. The interactive data and analysis in this report should help inform policymakers and businesses as they target investments in productivity and competitiveness across regions and sectors. The OCC will continue to work with our members to advance evidence-based solutions on each of the issues outlined in this report.



# Appendices

## Appendix A.1

### Characteristics of Survey Respondents by Region

	Number of Respondents
Ontario	1513
Greater Ottawa Area	216
Kingston-Pembroke	53
Muskoka-Kawarthas	346
Greater Toronto Area	127
Kitchener-Waterloo-Barrie	61
Hamilton-Niagara Peninsula	95
Greater London Area	158
Windsor-Sarnia	277
Stratford-Bruce Peninsula	51
Northeast Ontario	53
Northwest Ontario	76

[Link: For additional data, access the interactive report.](#)

## Appendix A.2

### Characteristics of Survey Respondents by Sector

	Number of Respondents
Accommodation and food services	131
Administrative and support, waste management and remediation services	17
Agriculture, forestry, fishing and hunting	45
Arts, entertainment and recreation	99
Construction	150
Educational services (including post-secondary institutions)	50
Finance and insurance	129
Government	26
Health care and social assistance	102
Information and cultural industries	33
Labour	22
Management of companies and enterprises	26
Manufacturing	136
Mining, quarrying, and oil and gas extraction	15
Non-profit	152
Professional, scientific and technical services	183
Real estate and rental and leasing	62
Retail trade	187
Transportation and warehousing	47
Utilities	13
Wholesale trade	26
Other	255
I don't know/prefer not to answer	6

[Link: For additional data, access the interactive report.](#)



### Appendix A.3

#### Characteristics of Survey Respondents by Organization Size

	Number of Respondents	Share of Total
<b>Small organization (1-99 employees)</b>	1,636	86%
<b>Medium (100-499 employees)</b>	152	8%
<b>Large (500+ employees)</b>	101	5%
<b>DK/prefer not to answer</b>	23	1%

### Appendix A.4

#### Characteristics of Survey Respondents by Diversity Leadership

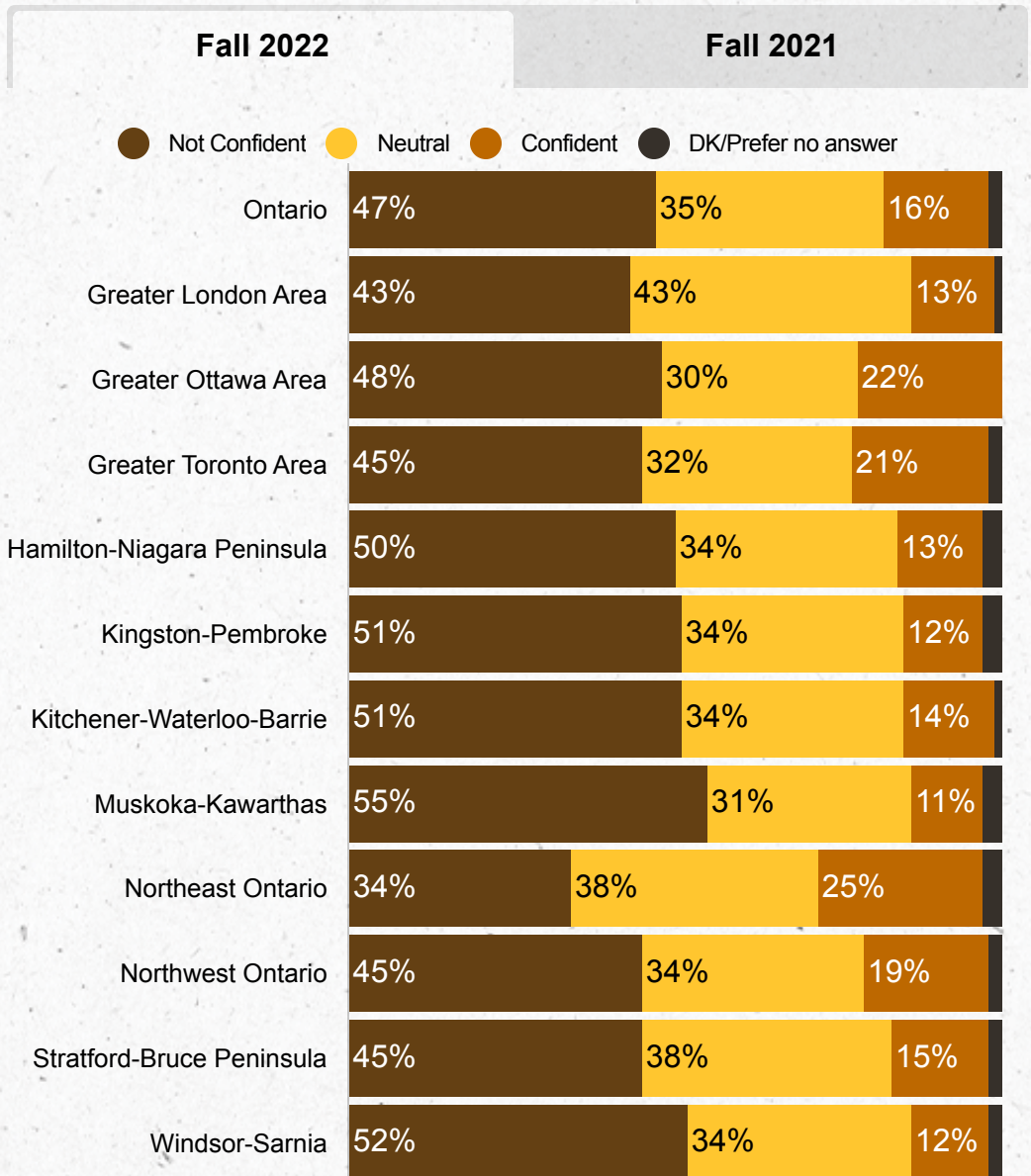
"Is your organization led in whole or in part by anyone from the following groups?  
(choose all that apply)" [sums to >100%]

	Number of Respondents	Share of Total
<b>Woman</b>	117	55%
<b>Visible minority</b>	245	13%
<b>New Canadian (different national origin)</b>	138	7%
<b>Person with disability</b>	117	6%
<b>2SLGBTQIA+</b>	118	6%
<b>Indigenous person</b>	121	6%
<b>Prefer not to say</b>	90	5%
<b>None of the above</b>	577	30%

[Link: For additional data, access the interactive report.](#)

## Appendix B.1

### Confidence in Ontario's Outlook by Region

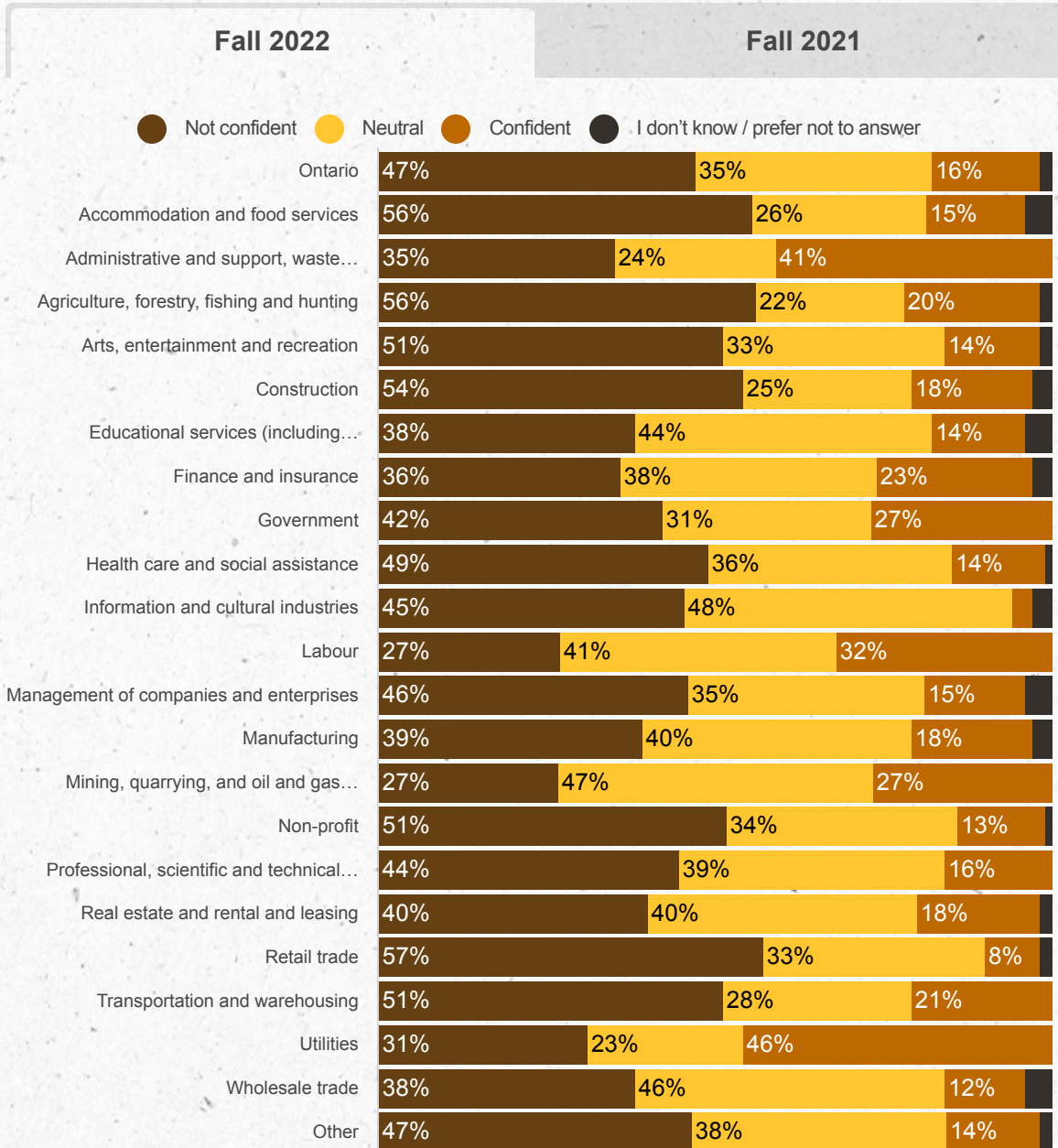


[Link: For additional data, access the interactive report.](#)



## Appendix B.2

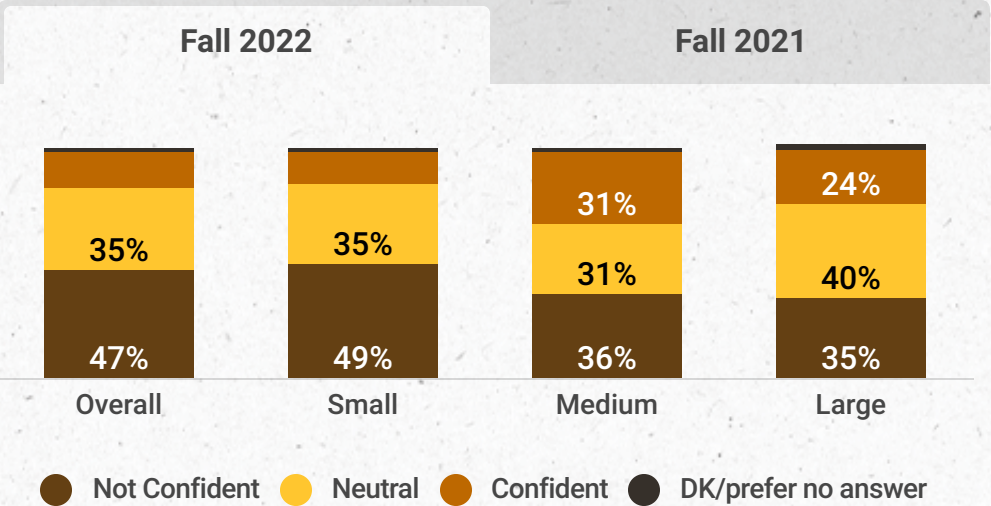
### Confidence in Ontario's Outlook by Sector



[Link: For additional data, access the interactive report.](#)

Appendix B.3

Confidence in Ontario's Outlook by Organization Size

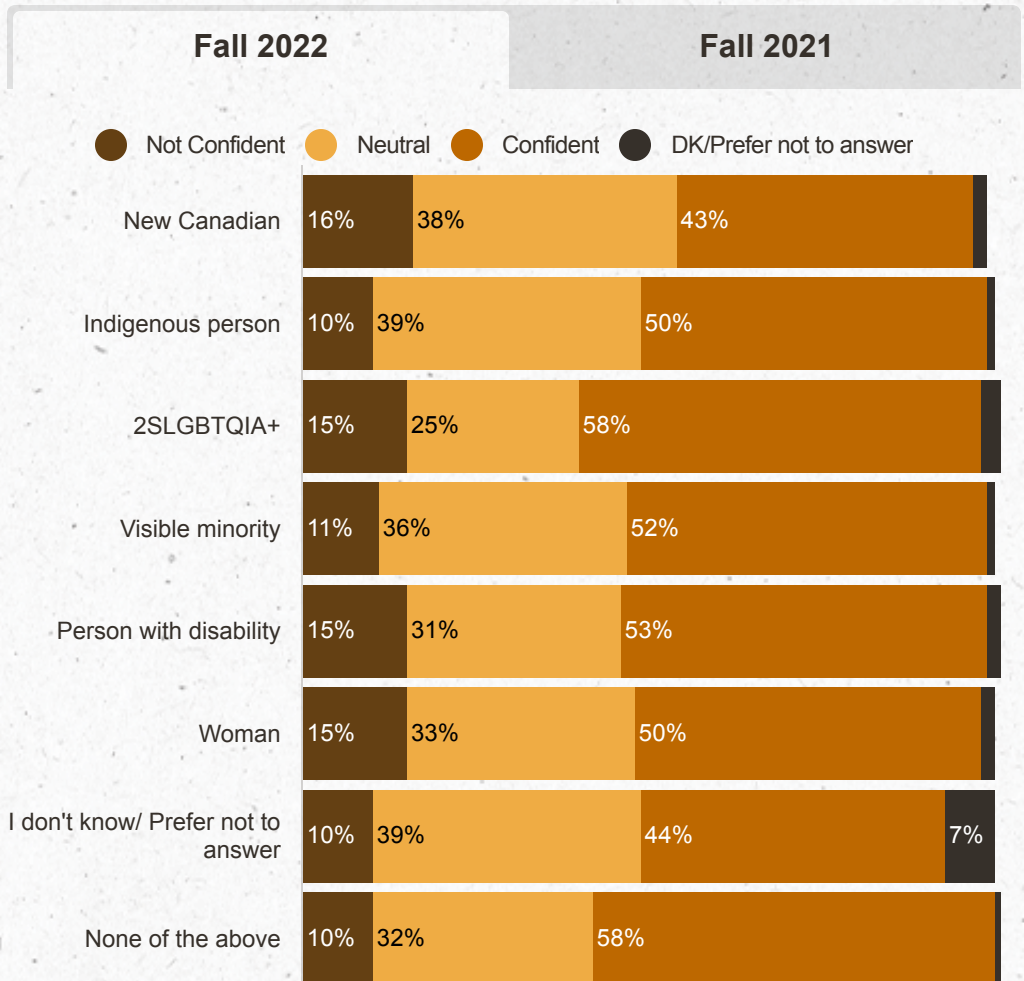


[Link: For additional data, access the interactive report.](#)



## Appendix B.4

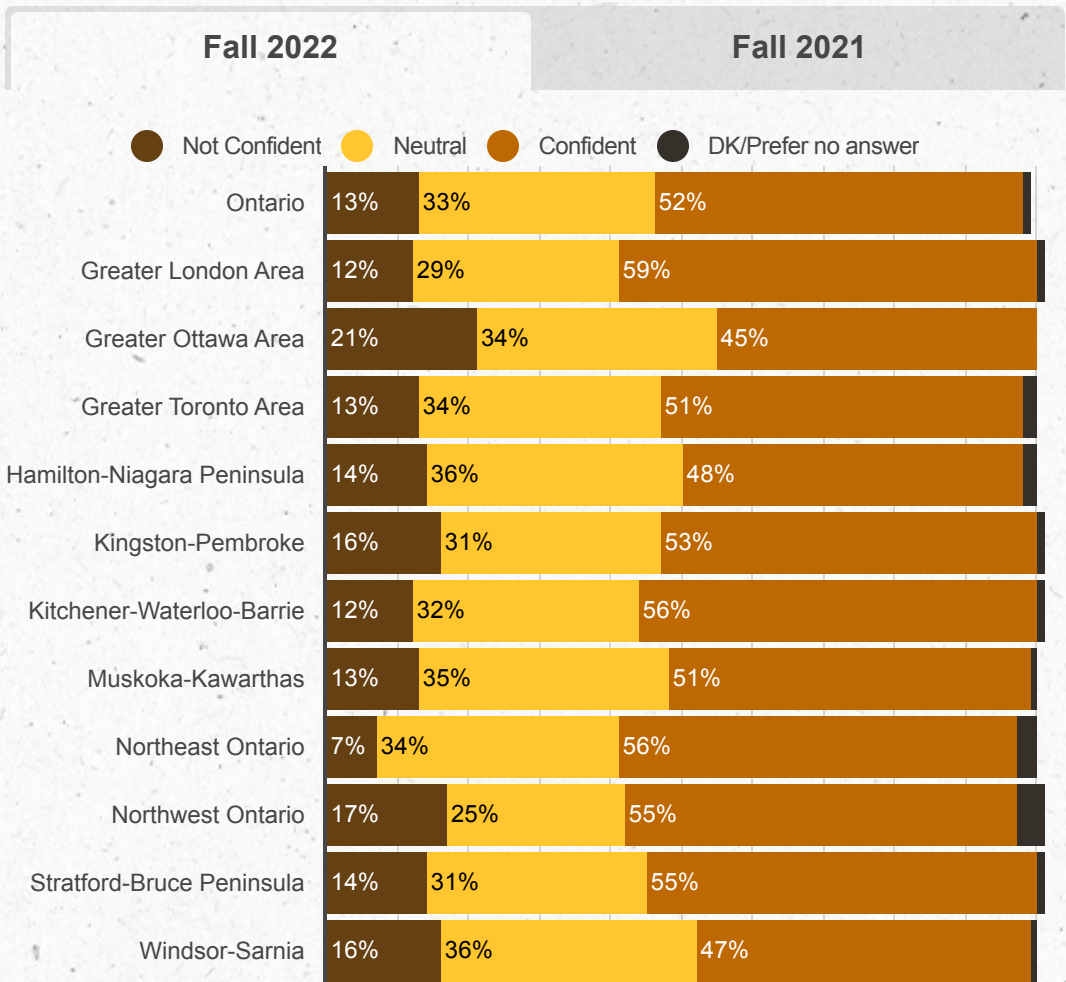
### Confidence in Ontario's Outlook by Diversity Leadership



[Link: For additional data, access the interactive report.](#)

## Appendix C.1

### Confidence in Your Own Organizational Outlook by Region



[Link: For additional data, access the interactive report.](#)



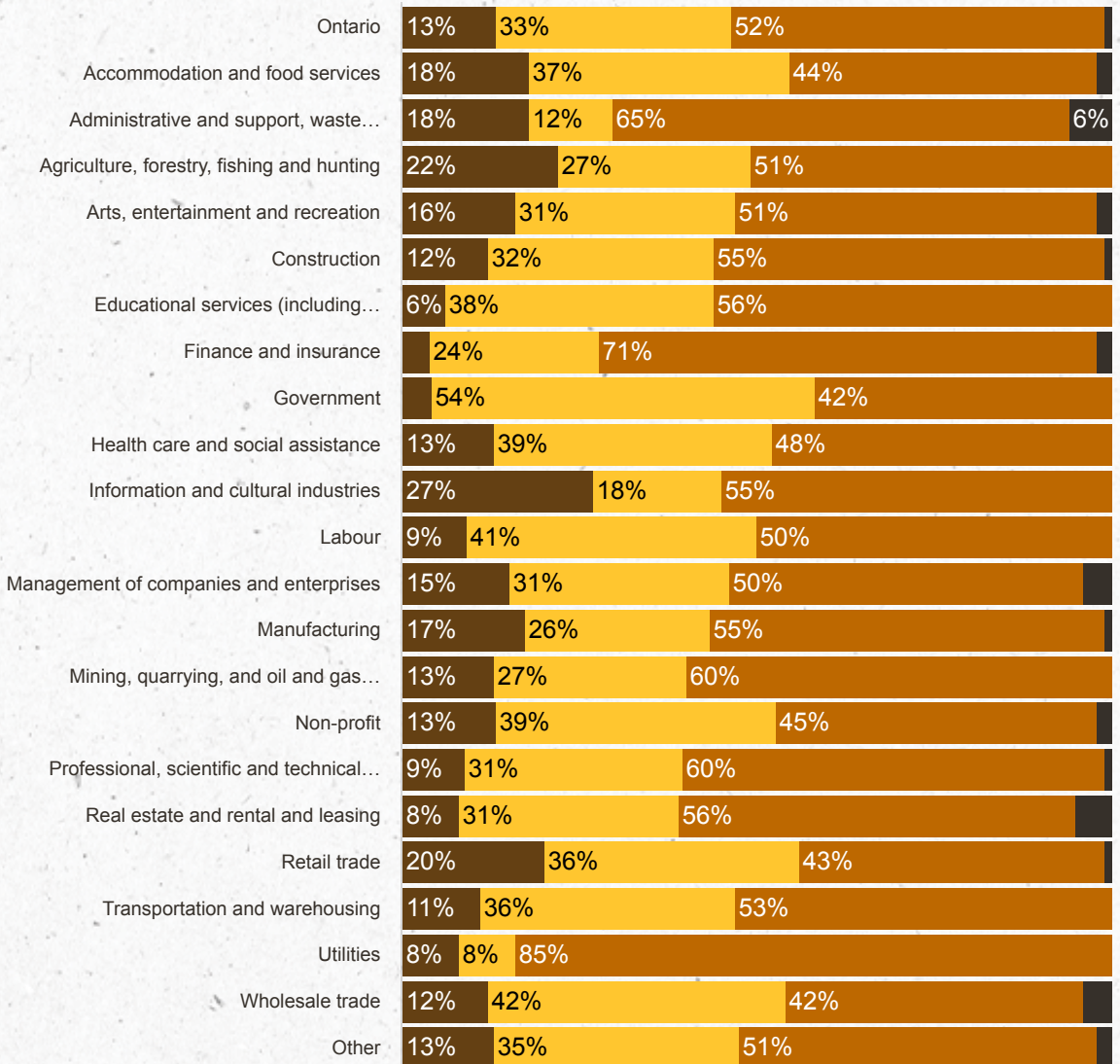
## Appendix C.2

### Confidence in Your Own Organizational Outlook by Sector

Fall 2022

Fall 2021

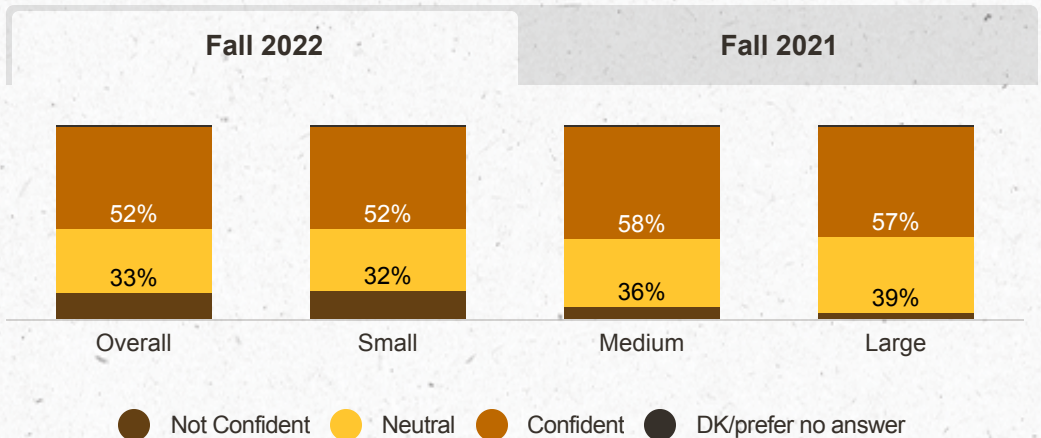
● Not confident ● Neutral ● Confident ● I don't know / prefer not to answer



[Link: For additional data, access the interactive report.](#)

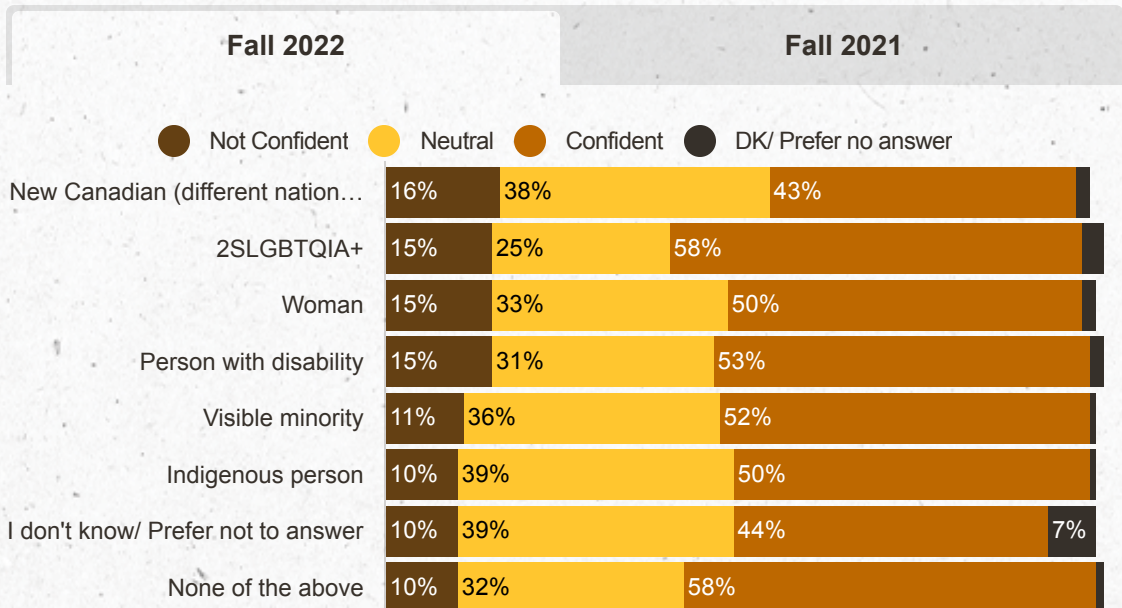
### Appendix C.3

#### Confidence in Your Own Organizational Outlook by Company Size



### Appendix C.4

#### Confidence in Your Own Organizational Outlook by Diversity Leadership



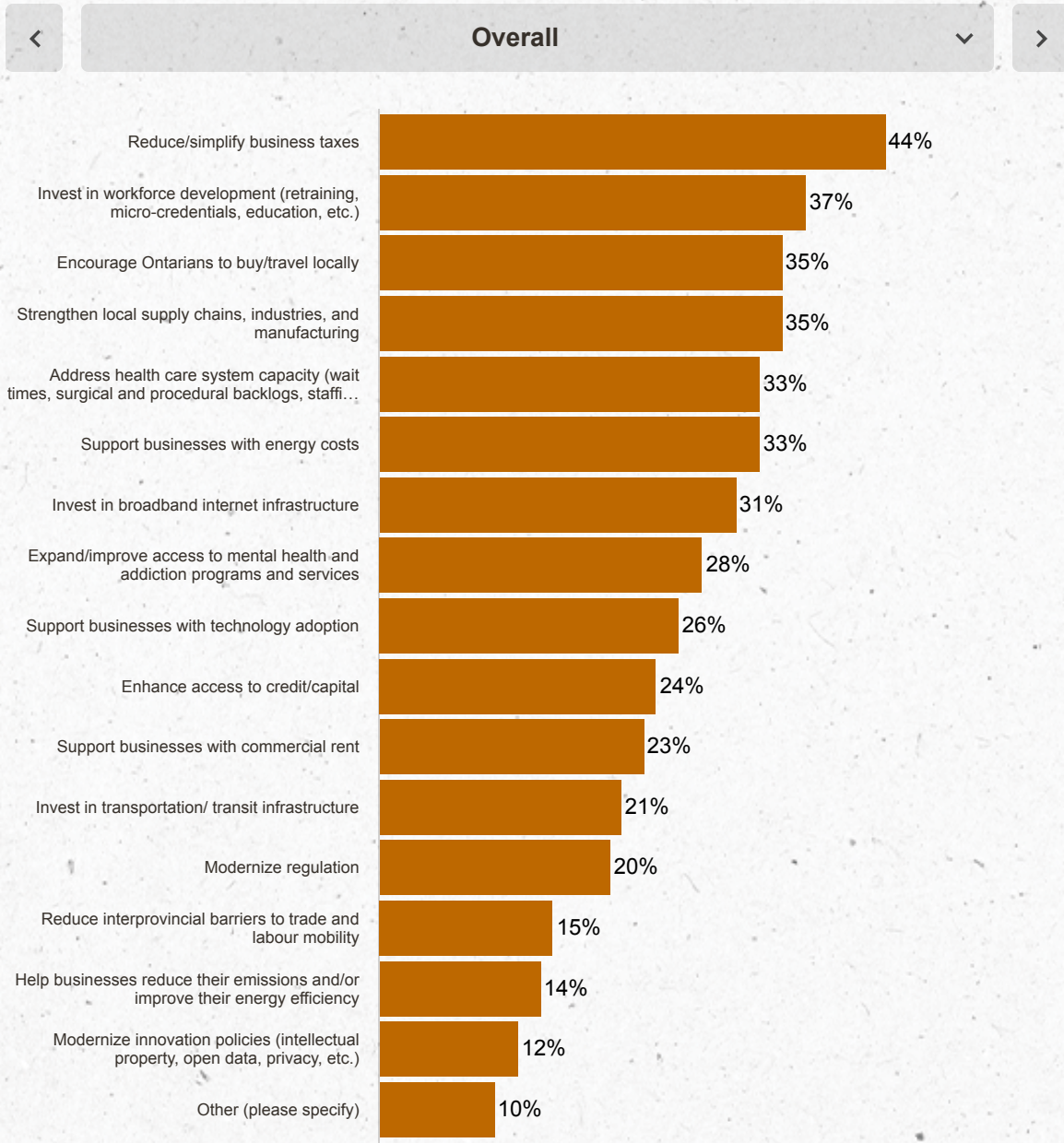
[Link: For additional data, access the interactive report.](#)



## Appendix D.1

### Policy Priorities by Region

"Please select all the post-pandemic policy priorities that would be helpful for your organization or sector."

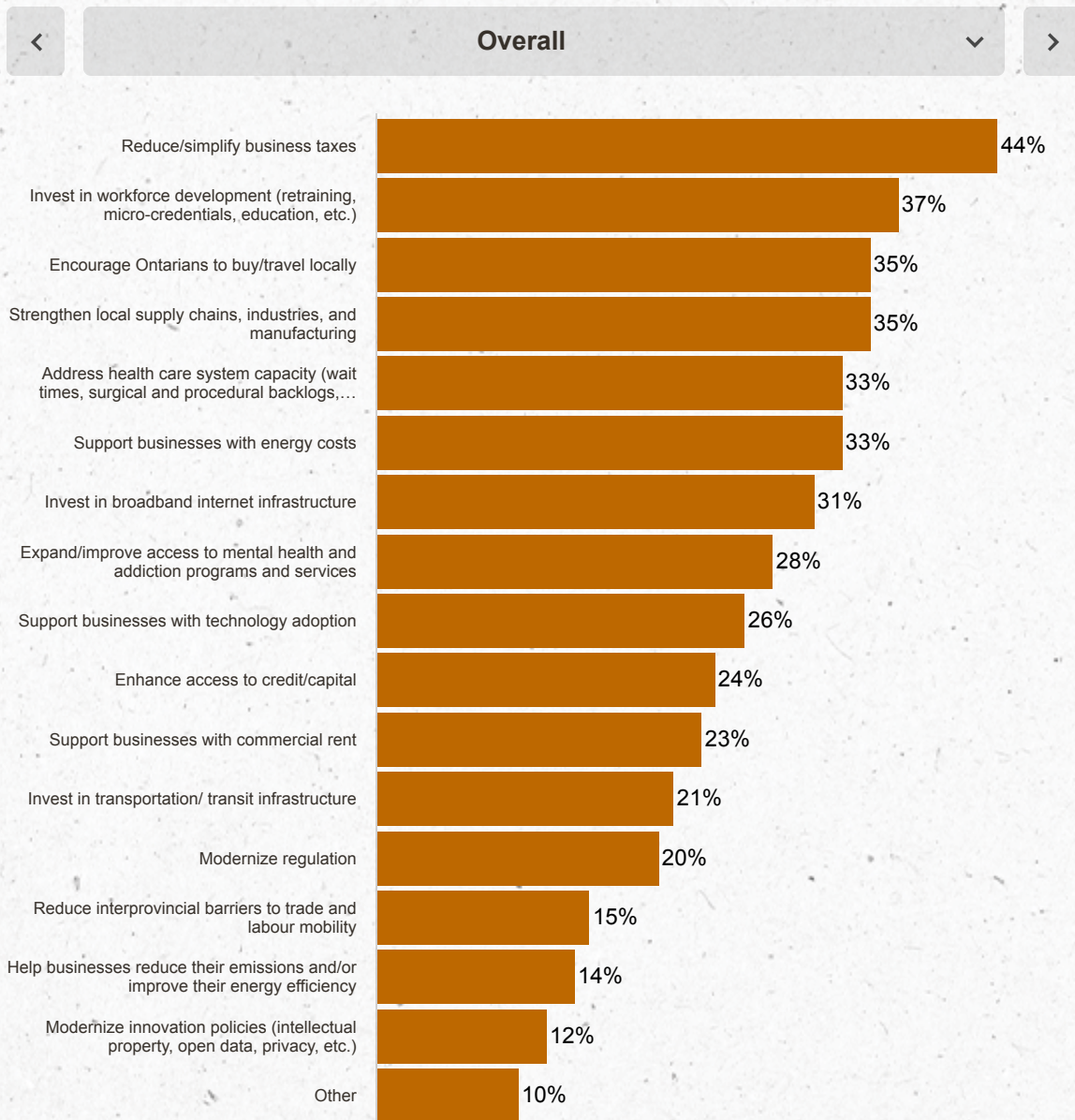


[Link: For additional data, access the interactive report.](#)

## Appendix D.2

### Policy Priorities by Sector

"Please select all the post-pandemic policy priorities that would be helpful for your organization or sector."



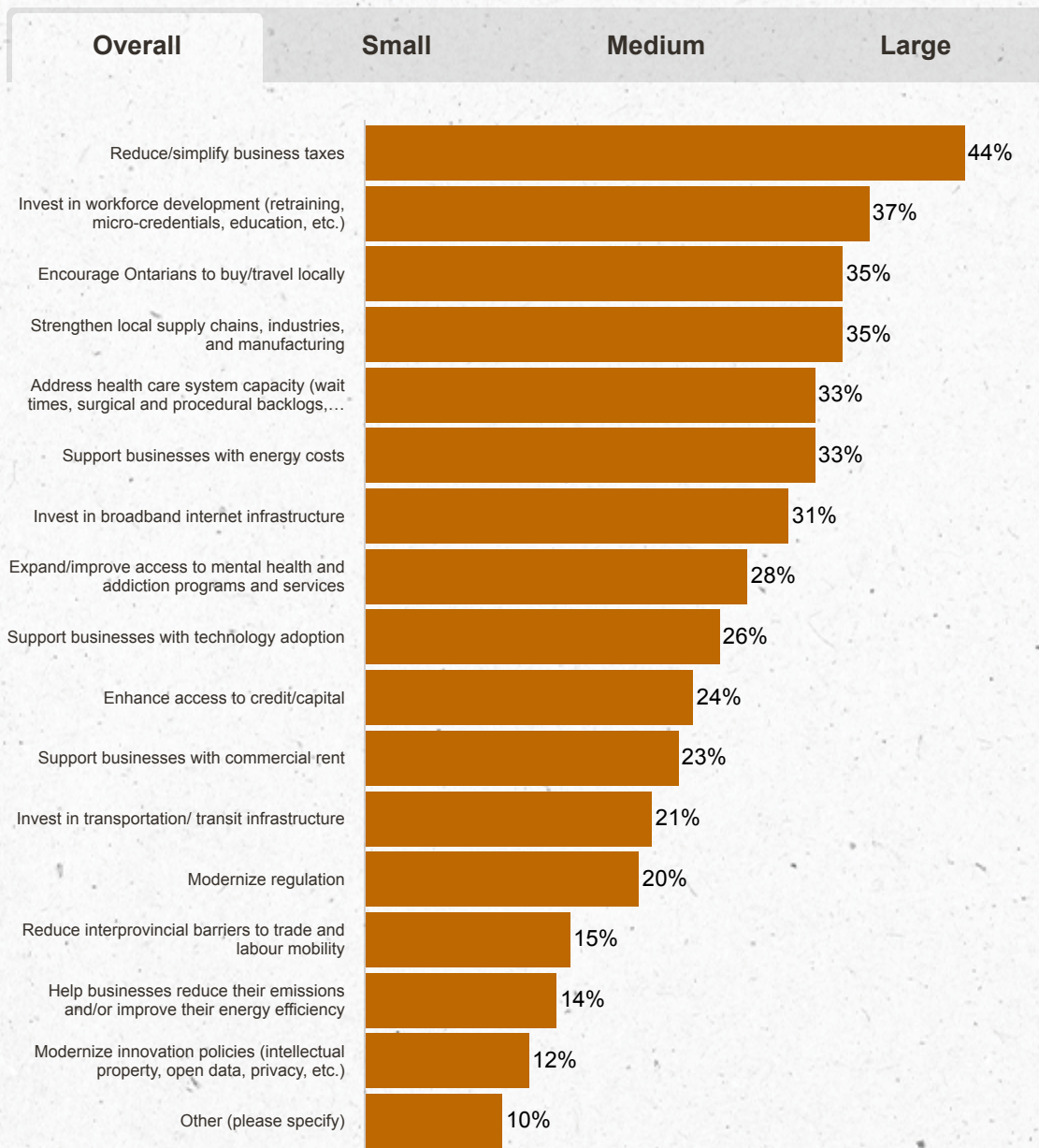
[Link: For additional data, access the interactive report.](#)



## Appendix D.3

### Policy Priorities by Organization Size

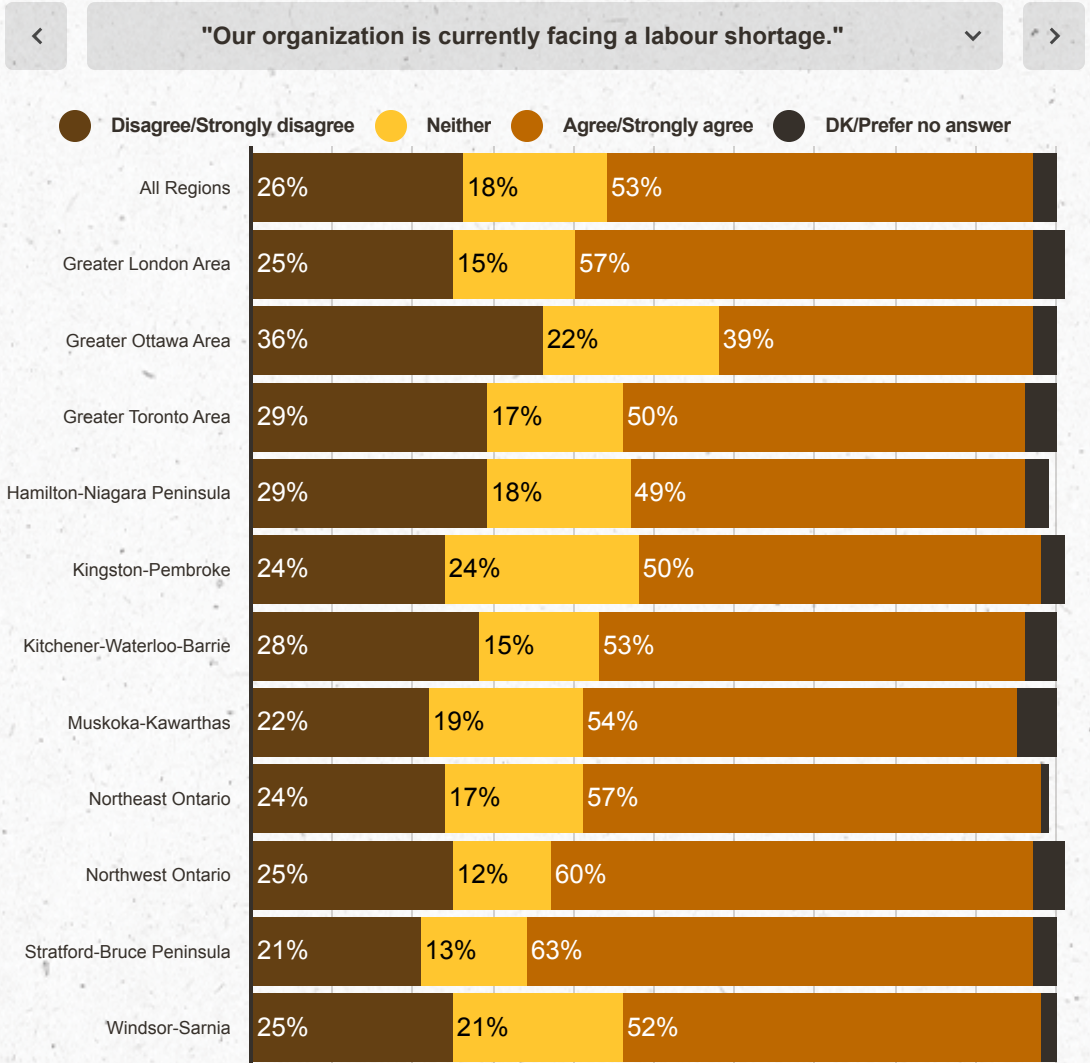
"Please select all the post-pandemic policy priorities that would be helpful for your organization or sector."



[Link: For additional data, access the interactive report.](#)

## Appendix E.1

### Labour Shortages by Region

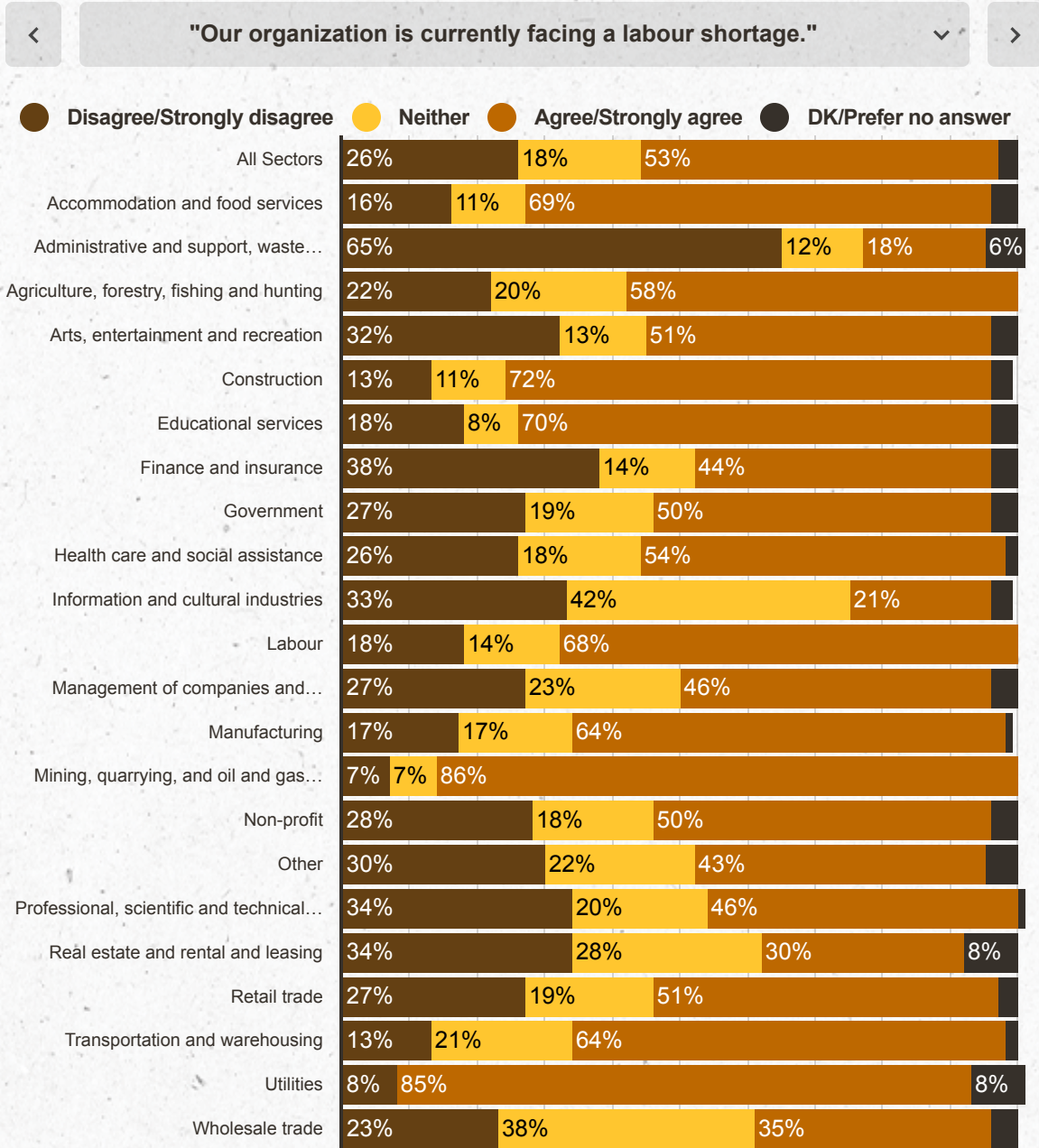


[Link: For additional data, access the interactive report.](#)



## Appendix E.2

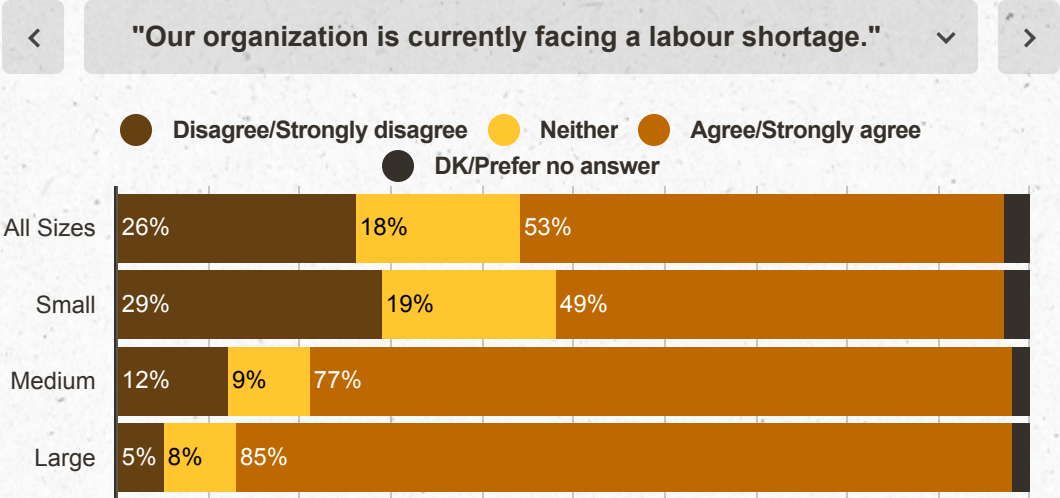
### Labour Shortages by Sector



[Link: For additional data, access the interactive report.](#)

Appendix E.3

Labour Shortages by Organization Size



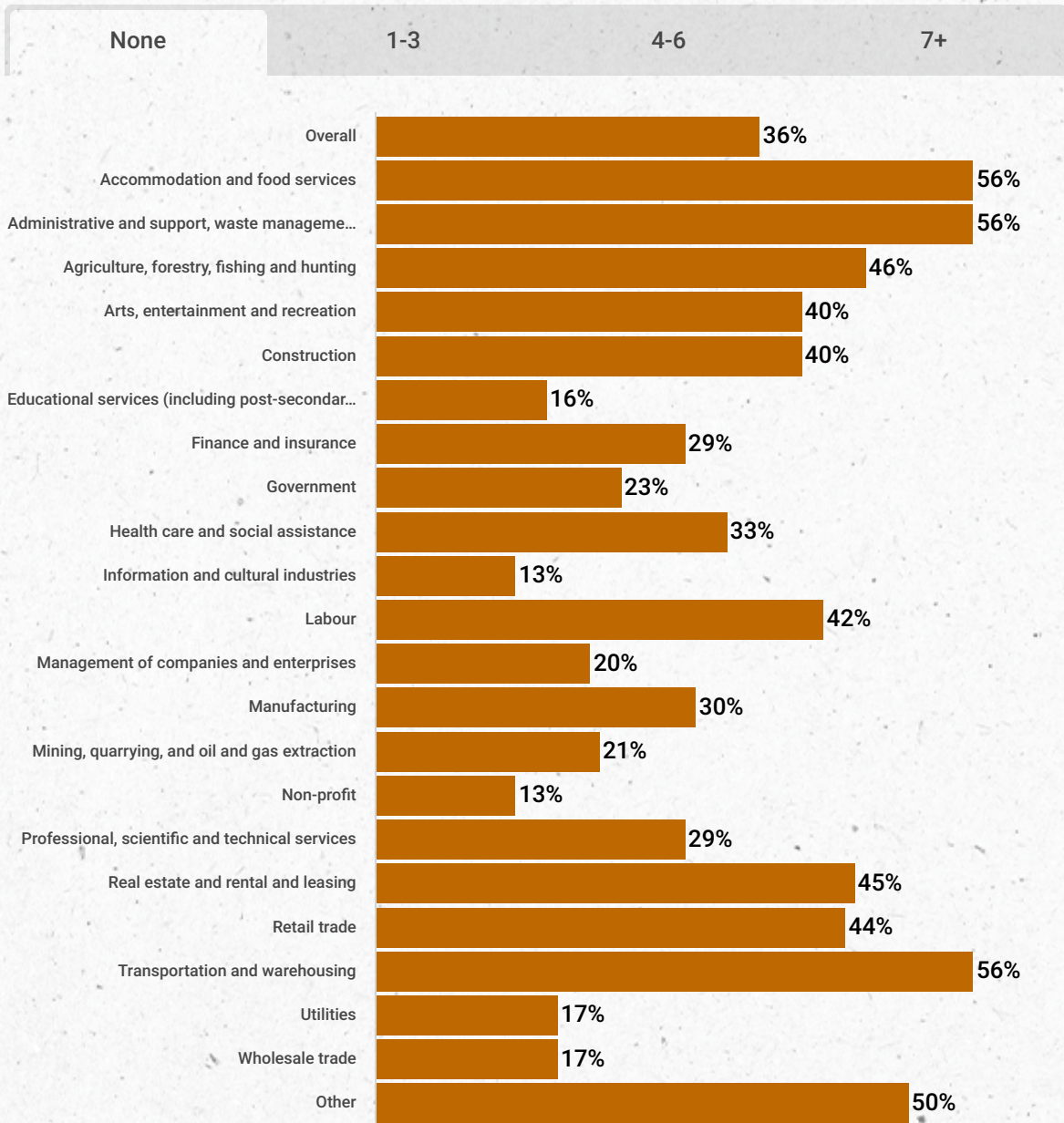
[Link: For additional data, access the interactive report.](#)



## Appendix F.1

### Sick Days by Sector

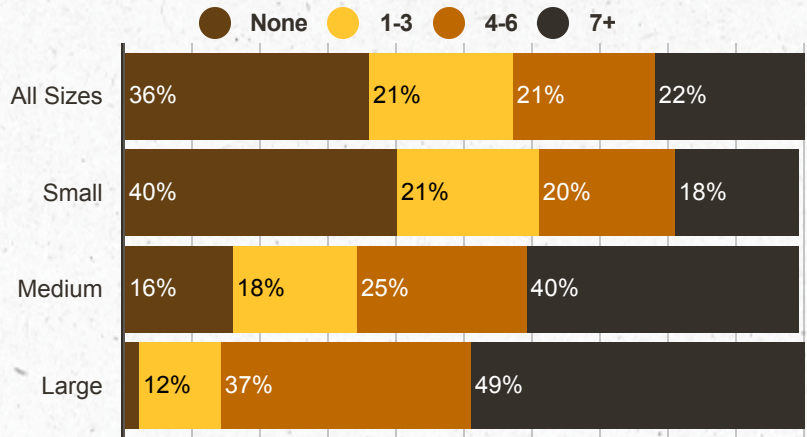
"How many employer-paid sick days does your organization offer to full-time staff?"



[Link: For additional data, access the interactive report.](#)

Appendix F.2

Sick Days by Organization Size



[Link: For additional data, access the interactive report.](#)





# About the Ontario Chamber of Commerce

The Ontario Chamber of Commerce (OCC) is the indispensable partner of business and Canada's largest, most influential provincial chamber. It is an independent, non-profit advocacy and member services organization. The OCC has 60,000 members, including large multinational corporations, small-to-medium-sized enterprises, labour unions, postsecondary institutions, non-profits, associations and close to 160 chambers of commerce and boards of trade.

The OCC's mission is to convene, align and advance the interests of its members through principled policy work, value-added business services and broad engagement to drive competitiveness and economic growth in the province

## Thank you to our Landmark Partner



## Thank you to our Research Partners



### Authors:

Claudia Dessanti, *Senior Manager of Policy, Ontario Chamber of Commerce*

Ester Gerassime, *Economic Analyst, Ontario Chamber of Commerce*

### Design:

Jeff Law, *Project Officer, Ontario Chamber of Commerce*

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# Join the OCC

## Getting Engaged with the OCC

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 and advocacy priorities
- Strengthen your relationship with government
- Network with business leaders
- Engage with over 150 communities across the province and
- Contribute to the growth of Ontario's economy.

To learn more about opportunities to engage with the Chamber and our evolving policy pipeline, please contact Daniel Safayeni:

### **Daniel Safayeni**

*Vice President, Policy*

Ontario Chamber of Commerce

[DanielSafayeni@occ.ca](mailto:DanielSafayeni@occ.ca)





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