

Morning Media Scan: Labour Reform - February 23, 2018

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Print Coverage

The Sault Star: Rising costs concern businesses: Survey; A3; 2018.02.23

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Rising costs concern businesses: Survey

Businesses in Greater Sudbury are citing the rising cost of inputs and access to skilled labour as key sources of concern according to data from the Business Confidence Survey commissioned by the Greater Sudbury Chamber of Commerce and the Ontario Chamber of Commerce (OCC).

These factors have led to an eight percentage point decline in business confidence in Greater Sudbury's economy. Of businesses no longer confident in their own economic outlook, more than 80 per cent cited increases in the cost of inputs and more than 50 per cent cited difficulty in attracting and retaining staff. "The rising cost of doing business and difficulty finding qualified staff are undermining business confidence in Greater Sudbury," said Michael Macnamara, board chair of the Greater Sudbury Chamber of Commerce. "If businesses can't afford to keep the lights on, or they can't find qualified staff, it becomes extremely difficult to grow or even maintain the status quo. We're working with the OCC to draw attention to these challenges and to try to develop solutions. We know that with the right policy choices, we can create a community where business continues to thrive."

The chamber said that managing these factors properly will not only mitigate concerns, but grow business confidence.

A total of 30 per cent of respondents said that electricity rate reductions from the Fair Hydro Plan benefited their business, and 32 per cent of confident respondents attributed it to successfully hiring new staff.

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

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

Some of the 2018 OER highlights on the outlook of Ontario's economy include: Businesses are losing confidence in Ontario's economy. In 2012, 47 per cent of businesses reported they were confident in Ontario's economic outlook. Today, that share has been halved, as only 23 per cent of businesses are confident in the economy.

Nearly two-thirds of businesses cite input costs for their lack of confidence, such as the price of electricity, taxes, and the increase in minimum wage. This is compared to only 31 per cent who name competitive barriers such as declining consumer demand or changing client behaviour.

One-quarter of small businesses in Ontario project declining revenue in 2018, which is twice the rate of large firms (26 per cent vs. 13 per cent). Given that the majority of businesses in this province are small, this will likely have a net-negative impact on economic growth.

The production of goods and services represents a shrinking contributor to business prosperity.

Production activities represent only 15.3 per cent of business prosperity, meaning that prosperity is increasingly becoming more dependent upon financial activities instead of productive activities. This is indicative of Ontario possessing a higher-risk operating environment.

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