



BUSINESS CONFIDENCE REPORT

OCTOBER 2021

SUPPORTED BY:



2021

FORWARD

A message from the 2021-22 Chamber President

As the voice of business in Timmins for the last 72 years, The Chamber remains proactive in conveying our supporters' most significant barriers to business while further creating opportunities to secure their continuity and resiliency.



First launched in 2019 to provide a new Timmins City Council and other interested parties with a snapshot of business satisfaction with city services in key areas crucial to their operation, I am pleased to present our follow-up 2021 Business Confidence Survey outline. We share this in our continued spirit of collaboration in the hopes that it provides benchmarking for you and other stakeholders who wish to improve the region's economic climate.

I am pleased to share the findings of our pulse check on business, their confidence, and their continuity and recovery as we move to the other side of the pandemic.

This report presents a candid look at private sector sentiment and opportunities for economic growth. The Timmins Chamber looks forward to our continued work at all levels of government throughout the coming year to ensure we are capitalizing on opportunities to drive economic growth for the North.

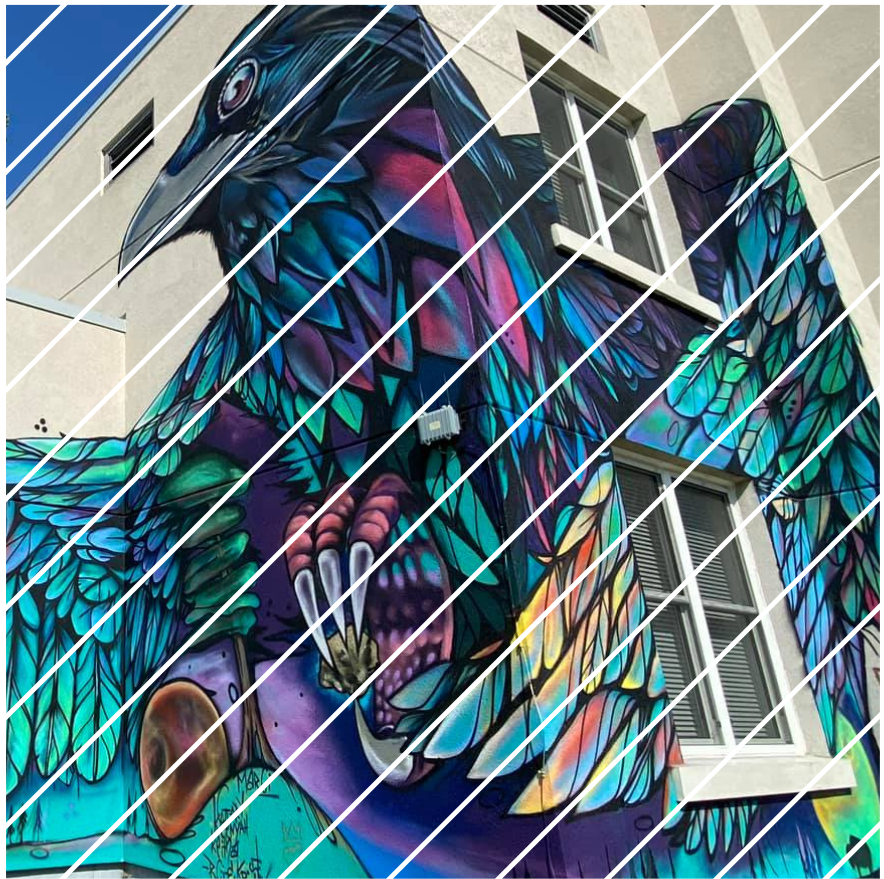
A handwritten signature in black ink, appearing to read "Rob Knox".

Rob Knox
2021-22 Chamber President



As a legacy, multi-generational business in Timmins, Tisdale Mechanical Contracting understands the important role small business lends to the cultural and economic fabric of our community. An important benchmarking document, Tisdale is pleased to endorse the recommendations within 2021 Business Confidence Report. Indexing small- and medium-sized sentiment is critical to our regions economic success and understanding how our local government can better support entrepreneurship in Timmins lends to our long-standing, collaborative efforts to make Timmins the greatest place to live, work, learn, and play.

Collin Clarke
President | Tisdale Mechanical Contracting



METHODOLOGY

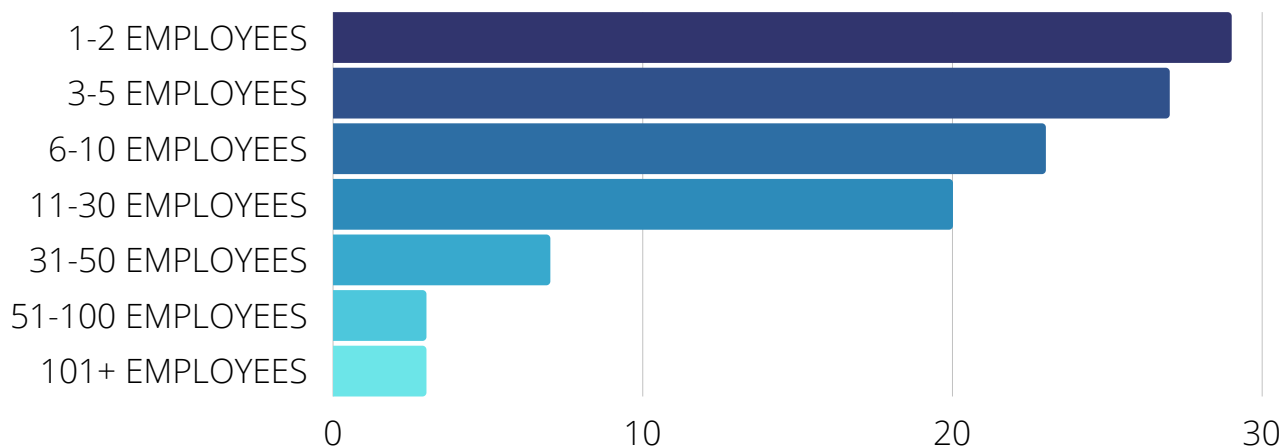
Since 2019, The Chamber has surveyed its members to understand the experience of business in Timmins better. This data provides our members' perspective on the economy and identifies developing trends in economic activity.

The 2021 Business Confidence Report is based on the Business Confidence Survey results. The survey was launched July 19, 2021, and ran a highly condensed campaign using an online, self-complete-style interview; and closed on August 2, 2021. The survey solicited the views of 111 business owners, operators, and organizational leaders across the Timmins region.

In some cases, the report also compares results from the 2019 Business Confidence Report. The information represents a broad range of respondents, from executive positions in large organizations to those who operate 1-2 employee businesses.

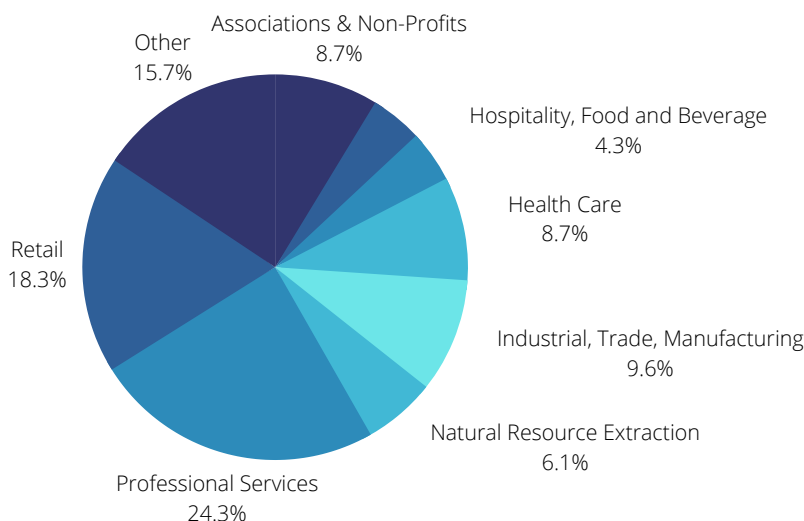
PARTICIPANT DATA

SECTOR AND WORKFORCE BY THE NUMBERS



The 111 business respondents represent approximately 1900 locally-employed and self-employed residents. The survey data presents key insights into our smallest enterprises, given that 88 percent of survey participants cite a workforce of 30 employees or less. Recognizing that our small businesses form the backbone of our economy and local culture, we must understand their confidence and ability to remain viable as we attempt to forecast the future of industry in Timmins within the next eight months. Nationally and most notably, small businesses are responsible for 78 per cent of all jobs created in the private sector. How does this translate to our region? Local small- and medium-sized enterprises employ just over 60 per cent of our local workforce, and for this reason, their feedback is of high value.

Top sector participants included businesses that offer professional services and retail industries, often the largest contributors to our community's taxbase and charitable donations. They are comprised of legal services, consultants, employment services, engineering and architecture firms, and large industrial retailers and automotive sales.



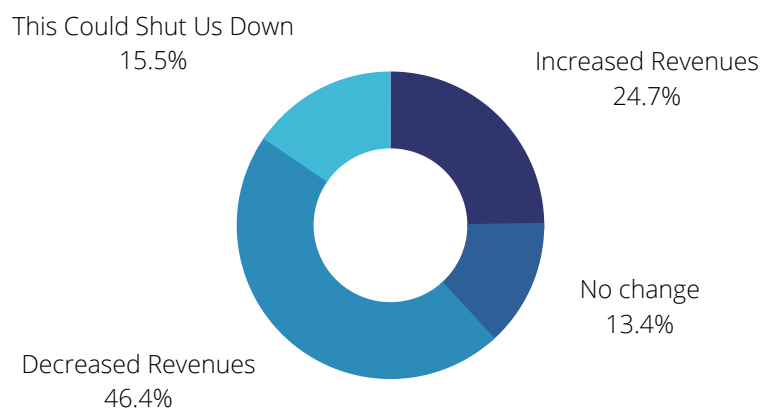
Among the lowest sectors represented are education-based organizations, personal care services, and food and beverage businesses who may not be top financial contributors but provide high-level in-kind contributions or social support mechanisms to those within our community. Low participation rates within these sectors may have resulted from low capacity at the time of the survey, given that the provincial reopening coincided with the launch of the survey.

PARTICIPANT DATA

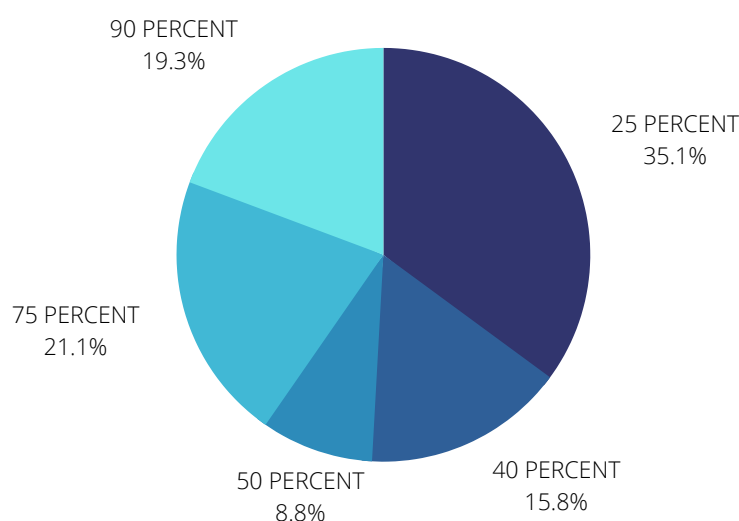
THE FINANCIAL IMPACT OF COVID-19

Did the COVID-19 pandemic affect your business in the following way?

Unsurprisingly, the majority of survey respondents cited a decrease in revenues. Given the historic underfunding of broadband infrastructure in Northern Ontario, compounded by the deficits in technology adaptations, many small businesses were not readily equipped to make the jump online when provincial shutdowns were called. A snapshot in time, it is unsettling to see nearly 63 per cent of participants note a decline in revenues up to the critical point of foreclosure. As government subsidies begin to wind down, the coming months will be an accurate indication of the trials of business viability.



Over all, if you saw a decrease from March 2020-June 2021, please provide the percentage



Given that 65 per cent of survey respondents cited a decrease of more than 40 per cent, it is fair to deduce that our local economy lost out on approximately \$12 million in revenues from March 2020 to June 2021 among the respondents alone. According to the 2020 Key Small Business Statistics from Innovation, Science and Economic Development Canada Small Business Branch Research and Analysis Directorate, a small business averages \$390,000 a year⁽¹⁾. This figure is likely much more significant once the percentages have been applied to the 1600 registered businesses in Timmins.

While the figures cited above leave a bleak outlook for the 2020-21 financial years, the next section will outline how government support may have helped bridge such significant decreases in revenues. It is clear that small businesses were disproportionately impacted by the provincial shutdowns necessary to mitigate the spread of COVID-19. How consumers plan to support businesses throughout 2021-22 will be critical to their survivability as cash liquidity remains in low supply.

(1) https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html

TYPES OF GOVERNMENT SUPPORT AND HOW THEY WERE LEVERAGED

SINCE THE ONSET OF THE COVID-19 PANDEMIC, OUR NATION HAS SEEN UNPRECEDENTED LEVELS OF SUPPORT TO BUSINESSES AND ORGANIZATIONS ACROSS ALL SECTORS. WHILE SOME BUSINESSES WERE AT RISK OF FALLING THROUGH THE CRACKS, CHAMBERS OF COMMERCE LOBBIED GOVERNMENT FOR EXPANSIONS TO SUPPORTS AND PROGRAMMING TO ENSURE THAT EVERY BUSINESS, NO MATTER THE SIZE, WAS SUPPORTED.

Survey participants were asked to identify which government support programs they subscribe to, be it federal, provincial, municipal, or association-based, and rank their dependency on the respective programs.

While grants and subsidies have proven helpful, programs with a repayment component may present challenges to subscribing businesses who will have to set repayment schedules as deadlines approach.

It is essential to understand the severity at which these business owners and operators ascribed to these support programs as it will undoubtedly determine viability and sustainability beyond these supports as they begin to wind down.

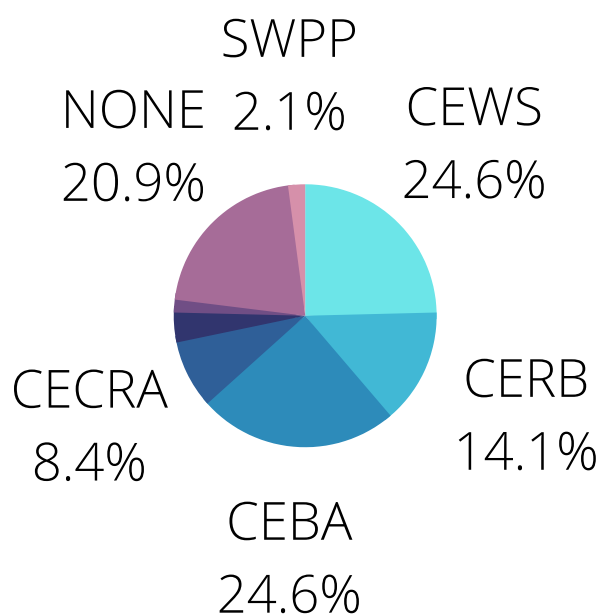
GOVERNMENT SUPPORTS BY THE NUMBERS

FEDERAL

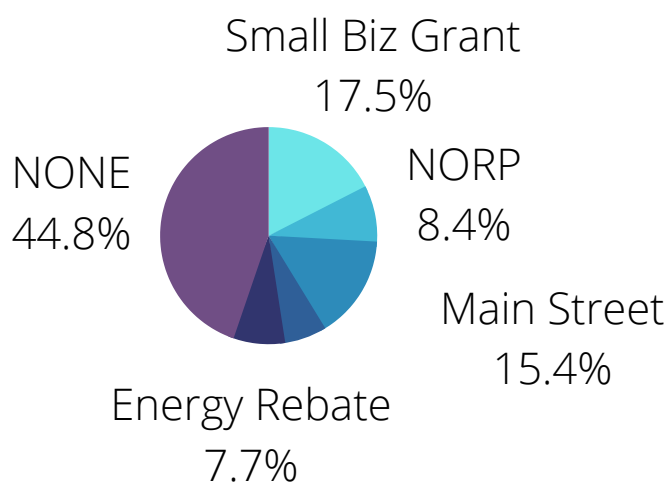
Survey respondents were asked whether they subscribed to the following:

- Canada Emergency Wage Subsidy;
- Canada Emergency Response Benefit;
- Canada Emergency Business Account;
- Canada Emergency Commercial Rent Assistance;
- Regional Relief and Recovery Fund;
- Student Work Placement Program; or
- If they did not qualify for any of the above.

While the wage subsidy proved to be a vital lifeline to many businesses and organizations, 25 percent did enroll in the CEBA program-- where \$60,000 was loaned, but a deadline of Dec 31, 2022, must be met for the 33 percent loan forgiveness.



PROVINCIAL



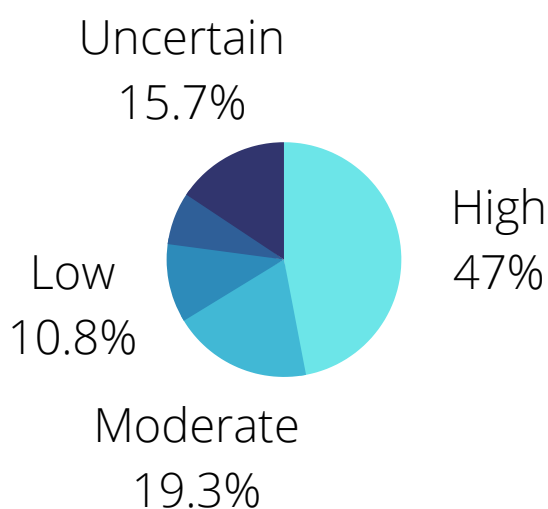
Similar to the federal support query, survey respondents were asked whether they subscribed to the following:

- Ontario Small Business Support Grant;
- Northern Ontario Recovery Program;
- Mainstreet Relief Grant (PPE);
- Digital Main Street;
- The Property Tax and Energy Rebate; or
- If they did not qualify for any of the above.

While the Ontario Small Business Support Grant seemed to be of more expeditious and immediate support, the eligibility criteria were stringent, leaving many businesses in the dark.

REPAYMENT

The majority of provincial and federal supports were provided in the form of a grant or subsidy; however, a few heavily subscribed programs had a repayment component. Programs like the CEBA and the HASCAP had a 66 to 100 percent repayment agreement, and owners and operators who enrolled in them have cited a moderate to a high level of confidence in repayment.



BENCHMARKING BUSINESS CONFIDENCE

In 2019, the small business economy was steady. When asked to weigh their satisfaction on a scale from positive to negative, the majority cited a favourable outlook on the years ahead. These results showed how business views both its own success and the local economy's success more broadly-- drawing on the conclusion of overall confidence in their own ability to lead, grow, and develop their enterprises.

Weighed against the 2019 feedback, the following datasets will benchmark local business confidence, with a pandemic in the mix and their outlook on future investments and growth.

2021 CONFIDENCE INDEX

In 2019, the small business economy was seemingly steady. At the time, there was a level of optimism on growth, and despite continual concerns with respect to government red tape and hindering regulations, many within our business community see competitive neutrality realized in the short term.

It is extremely positive to see a 3 per cent increase in business satisfaction, and it is important to note that the most challenging component respondents noted with respect to city services was access to planning and permitting.

2019 BUSINESS SATISFACTION WITH CITY SERVICES



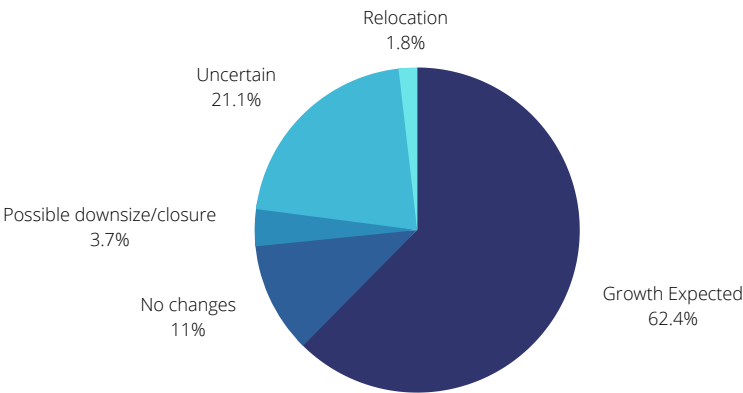
2021 BUSINESS SATISFACTION WITH CITY SERVICES



While it is fair to assume that the city permitting and planning is the most intrinsic department that works with businesses, it is important to understand how permitting and planning must evolve to meet the rapidly growing needs of owners and operators as we look to encourage growth and undertake attraction and retention campaigns to stimulate growth within the city's industrial complexes.

In reviewing the city's departments and arms-length agencies, understanding how synergies can be achieved to save taxpayer dollars and streamline business processes will be the most vital component to successful growth strategies in the short and long term, making Timmins truly open for business.

Small business owners may be cautious about the prospects for tax and regulatory policies. Still, improved expectations for hiring and revenue along with better overall sentiment regarding current business conditions offset these changes, keeping the overall index score at an exceedingly healthy level. In 2019, growth expectations were cited at a 60 per cent level and given the economic impacts of the pandemic. A near 3 per cent increase leaves much to be cautiously celebrated.



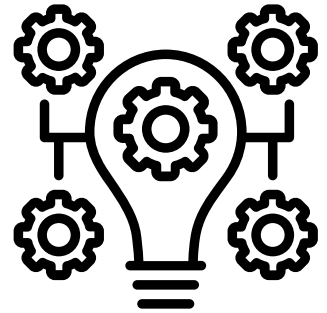
Also important to note, in the 2019 report, 12 per cent of respondents indicated a potential downsize or closure. This year we see that number decrease by 8 per cent, identifying a positive change in business confidence. Our survey reveals growing confidence among local business owners. The goal now is to keep optimism high by pushing for and achieving growth-oriented policies and reforms that help small businesses succeed. Small businesses are the lifeblood of our economy. They represent the majority of all employers, account for nearly half of all private-sector workers, and produce more than 60 per cent of new jobs.

Timmins' economic success hinges on the ability of small business owners to build capital, hire workers, and grow their companies at scale. That's why the Chamber spotlights local entrepreneurs and the challenges and opportunities they face in having to do business in Northern Ontario. The index is part of our mission to elevate the voice of small businesses and highlight the important continued roles they play in our community.

WHAT NEEDS MONITORING

51 percent did not introduce any new component to their business

Innovation is not only what will keep Timmins businesses thriving but keep our community competitive and attractive. As a municipality and as business support organizations, we must do all we can to encourage new technological adaptations, lobby for reliable broadband connectivity, and provide incentives to businesses who are thinking of integrating new products and services into their businesses.



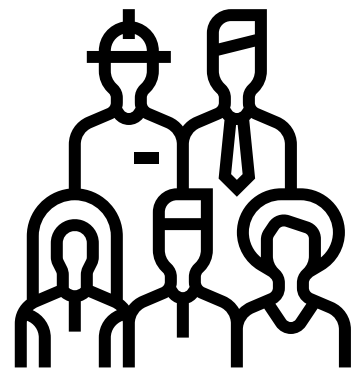
62 percent will cut charitable donations



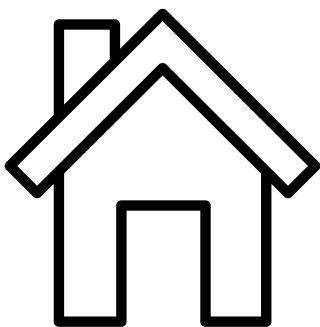
Perhaps the most disconcerting data presented in the report is understanding exactly what business owners will cut in the face of an economic downturn. A staggering 62 per cent of respondents indicate that among the top three items to be reduced or eliminated are charitable and community contributions and donations. This is up by 1 per cent from the 2019 report, which should be startling to local charities and nonprofits whose mandates thrive from the generosity of entrepreneurs.

39 percent are facing critical workforce shortages and labour gaps

The Conference Board of Canada did predict that by 2020, Canada will experience a labour shortage of nearly one million people. Ontario could face a shortfall of 190,000, rising to 364,000 by 2025 and 564,000 by 2030. With outmigration continuing to rise and the Ontario Economic Report citing Northeastern Ontario as the only region to note population decline, Timmins must undertake a mass attraction strategy to mitigate labour force shortages as well as gaps in our community that sustain our Main Streets.



An overwhelming call for a housing strategy



Timmins currently boasts a 6.9 per cent vacancy rate, which is quite competitive given the current national rate sits at 3.4 per cent. (1) What hinders the region's ability to attract newcomers is the availability of desirable housing. Most of Ontario's purpose-built rental supply is now 40 years old or more — 85 per cent of all purpose-built units were built in 1980 or earlier. Timmins identifies near these statistics as well.

If the natural resource sector is to see a boom as markets indicate, our region will be in dire need of an affordable housing strategy to meet the growing demand and adhere to attraction campaigns so desperately needed for our region.

(1) <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410012701>

NEXT STEPS

The pandemic has had a disproportionate affect on our small businesses. While their confidence remains high, it is due to their belief in their own ability to lead their enterprises and organizations to success. The City must understand that it is time to fully engage as an active partner in supporting business success. Removing barriers, streamlining municipal services, and greater equity, attractive amenities, and accessibility in navigating the permitting process can only lend to entrepreneurial viability.

The Chamber encourages the City to do all it can to realize new and innovative ways to grow our community, and by extension, our tax base. Focusing on investment, attraction, continue to celebrating local, long-standing businesses will be the way out of this economic turmoil and forward to prosperity. It is essential to understand that the City that secures a successful solution is the City that wins.

01 Harness the opportunities presented during Council's term to identify areas of harmonization of city and agency work pillars

The 2015 KPMG City of Timmins Service Delivery and Operational Review presented a moment of opportunity to review the alignment of city and arms-length agency services such as a consideration, based on research and engagement with similar Ontario communities with similar natural-resource-driven economies, a blending of services between planning and economic development. (1)

02 Championing supports for industry and small businesses alike

Amid Council's 2021-22 budget deliberations, consider enabling the Property Tax Relief for Small Businesses provided by the province to municipalities seeking additional property tax tools that would provide targeted tax relief to small businesses and increase business competitiveness. This small business property subclass will allow the city to target tax relief by reducing property taxes to eligible small business properties.

03 Celebrate innovation, competitiveness and promote good business practises

The City can be a catalyst for change, lobbying government to provide more significant support to an under-supported region of the province that will give our business community the leg-up it needs to look to metamorphosis as a natural progression to growth. Items of immediate wins could enacting guidelines on permitted uses in Prime Agricultural Areas through the establishment of local agricultural zoning to fully encourage economic development. Additionally, transitioning the airport's oversight to the stewardship of an Airport Authority, structured as a non-profit entity, so that more significant funding can be accessed.

(1) Reference: <https://www.timmins.ca/common/pages/DisplayFile.aspx?itemId=13266931> - Page 182

"Galvanizing existing partnerships and forging new ones will only result in successful outcomes. It is essential to understand that the city that secures a successful solution is the city that wins, and we need to be that city."

- Rob Knox
2021-22 Chamber President



Partners in supporting the Timmins business community

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