

## Ontario must prepare for disruptions ahead

How will Ontario remain dynamic and resilient in the face of disruption?

**Toronto, ON** – Ontario is facing disruption. Volatile commodity prices and innovative technologies are challenging the province's ability to remain economically viable and globally competitive. These puts pressure on existing business models and policy initiatives, but also provides new and exciting opportunities for Ontario's private and public sectors.

In [\*Disruptions ahead: The making of a dynamic and resilient Ontario economy\*](#), the Institute for Competitiveness & Prosperity assessed how disruptions influence key industries in Ontario. Remaining dynamic and resilient in the face of disruption is important as the province's economic position continues to lag its North American peers. Ontario performs poorly with regards to productivity, business investment, and export growth. Further, rising inflation threatens Ontarians' purchasing power and standard of living. At the same time, the province has experienced moderate economic growth and has a comparative advantage in service-producing sectors in virtue of lower unit labour costs.

The Institute analyzed two types of disruptions: fluctuating oil prices and innovative technologies. Contrary to popular belief, the Institute's research showed that Ontario's economic performance is not strongly related to oil prices. Compared to peer provinces, key sectors are less dependent on oil. Rather than reacting strongly to oil price fluctuations, the province is gradually reorienting itself toward a more service-based economy, and oil shocks have little to do with this industrial shift. In addition, oil prices do not seem to influence either employment or the unemployment rate in Ontario.

Next, the Institute turned its attention toward another type of disruption: innovative technologies. Mobile internet, the Internet of Things, Big Data, and cloud computing are influencing the work of the private and public sectors. Car sharing, enabled by smartphone adoption and telematics technology, jeopardizes the demand for automotive parts and vehicles that Ontario produces. Further, the province's insurance industry is being disrupted by the Internet of Things applications that collect Big Data to analyze client behaviour. Lastly, peer-to-peer lending challenges traditional financial sector models by providing flexible access to capital and customized interest rates.

Innovative technologies are also disrupting delivery models in the education and health care sectors. Here, Massive Open Online Courses and telemedicine are taking advantage of new technologies, which challenges cultural attitudes and makes public services more accessible and customizable.

Policy-makers, the business community, and the broader public must navigate continuous disruptions and ensure that Ontario's economy remains dynamic and resilient. Here, the Institute recommends that Ontario fosters an environment that invites innovation and change by:

- Supporting the industrial shift from goods- to service-production;
- Facilitating the export of services;
- Encouraging cross-industry collaboration within the private sector;
- Ensuring education and labour market policies are appropriate and effective; and
- Modernizing public health care through the use of innovative technologies.

**Download the report [here!](#)**

**About the Institute:** The Institute for Competitiveness & Prosperity is an independent not-for-profit organization established in 2001 to serve as the research arm of Ontario's Task Force on Competitiveness, Productivity, and Economic Progress. The Institute is supported by the Ontario Ministry of Economic Development, Employment, and Infrastructure.

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