

Alberta small business priorities for the 2023 election

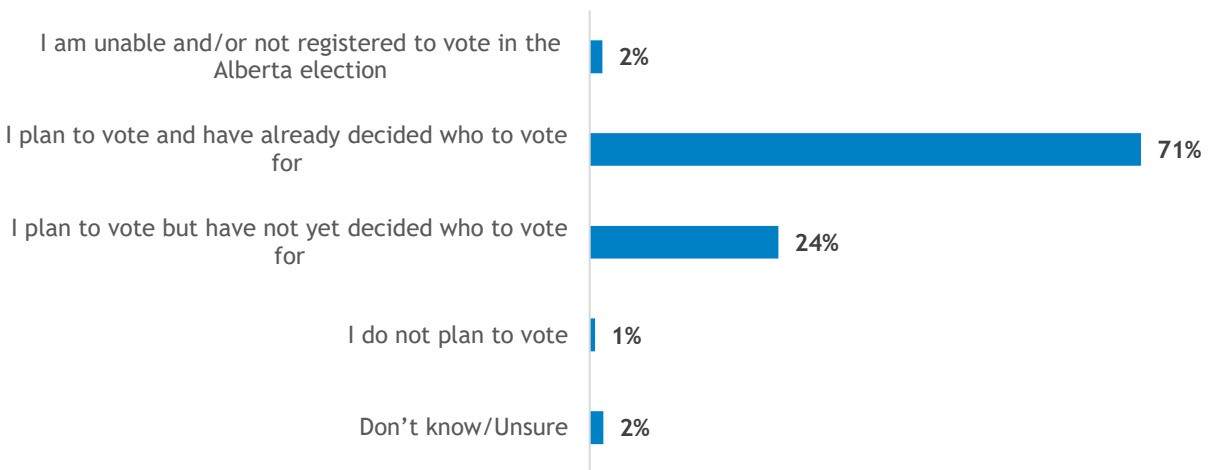
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Running a small business is no easy feat. The pandemic made things even more complicated and business owners are still feeling its impacts. Only half of Alberta small businesses are back to making normal sales and 64% are still carrying pandemic related debt. As we enter post-pandemic recovery, new challenges have arisen: 95% of Alberta small businesses are concerned about inflation; 89% are worried about a potential recession; and 61% are coping with staffing issues. Despite all this small business owners love what they do, and our communities are richer for it.

While 71% of small businesses intend to vote (Figure 1), a dismal 16% are confident their concerns and priorities will receive attention during the campaign (Figure 2).

Figure 1

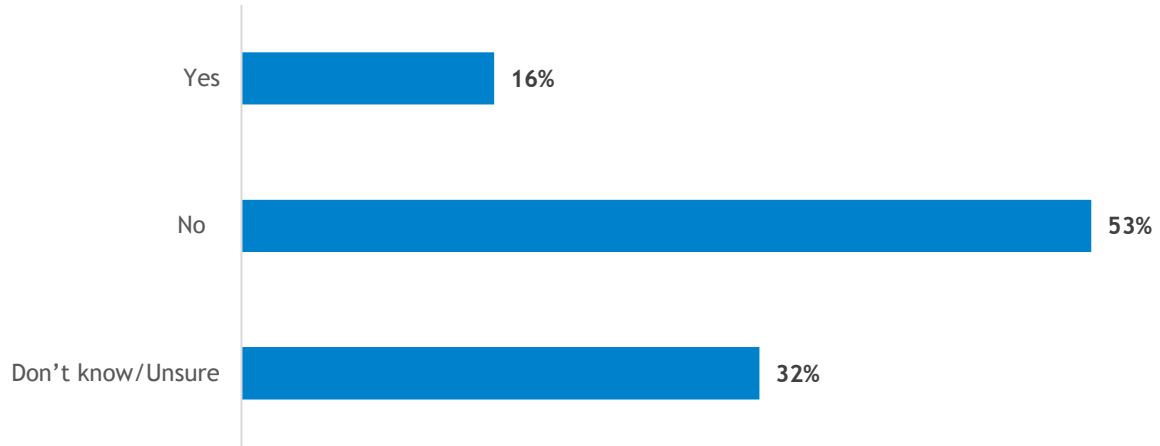
Which of the following best describes your plans for the upcoming Alberta provincial election on May 29, 2023? (Select one)



Source: CFIB, Alberta Pre-Election Survey 2023, March 22 - April 4, Final, AB n=736.

Figure 2

The next Alberta general election is expected to be held on Monday, May 29, 2023. Do you think small business concerns will receive sufficient attention during the Alberta provincial election campaign? (Select one)



Source: CFIB, Alberta Pre-Election Survey 2023, March 22 - April 4, Final, AB n=737.

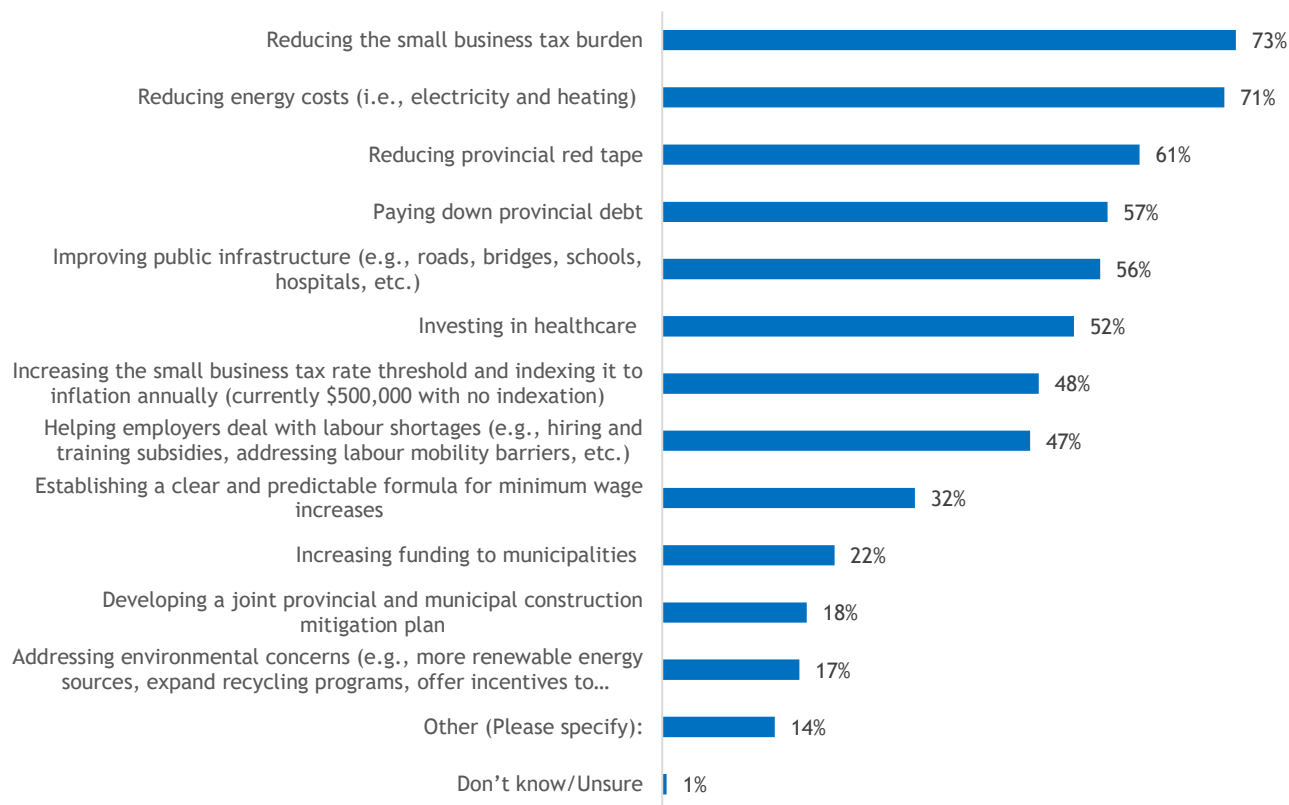
CFIB's 2023 Alberta election platform sets out policies that will help entrepreneurs start or grow their businesses. We are calling on all of the political parties to adopt the following policies to change the perception that Alberta small businesses are not confident this election will address their priorities.

Alberta Small Business Priorities for the 2023 Election

Since the next government will be the steward of Alberta’s economic recovery, it is crucial that their priorities line up with small business priorities. Alberta small businesses are focused on affordability. They want to see their next government focus on: reducing taxes (73%); reducing energy costs (71%); reducing provincial red tape (61%); and, paying down provincial debt (57%), (Figure 3).

Figure 3

Which of the following priorities would you like to see the party platforms focus on? (Select all that apply)

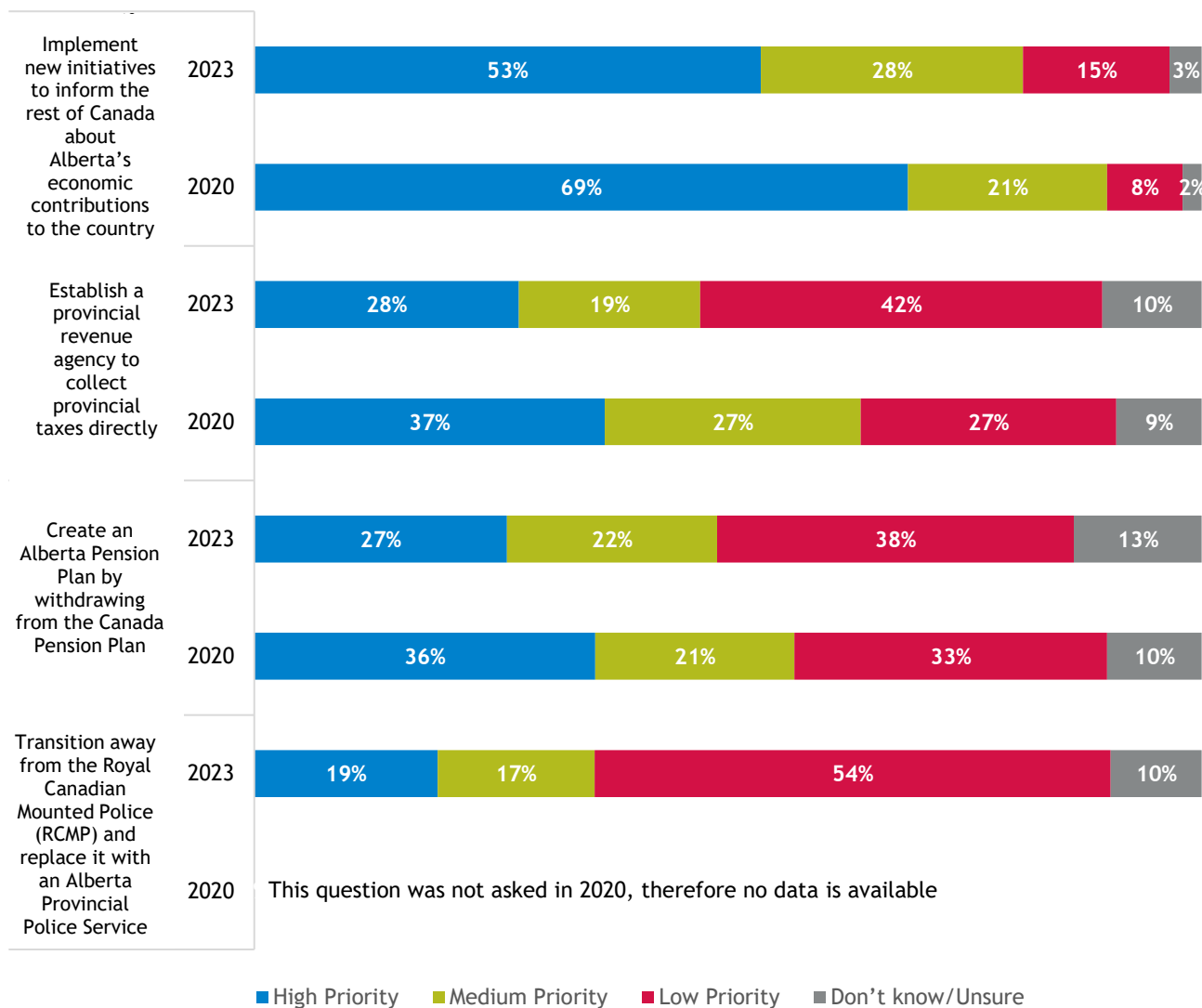


Source: CFIB, Alberta Pre-Election Survey 2023 - March 2023, March 22 - March 28, Preliminary Results, AB n=551.

Although these are small businesses’ primary concerns, CFIB recognizes there are certain policies in the public discourse that will likely draw significant attention during the campaign. Since 2020, the priority placed on Alberta creating its own pension plan and revenue agency have both dropped. Half of business owners say it should be a low priority to replace the RCMP with a provincial police force (Figure 4).

Figure 4

Please indicate what level of priority your business would like the political parties to place on the following potential initiatives. (Select one for each line)



Source: CFIB, Alberta Pre-Election Survey 2023, March 22 - April 4, Final, AB n=737 and CFIB National Energy & Environment Survey, Alberta Breakout, n=906, January 2020.

Reducing costs for small businesses

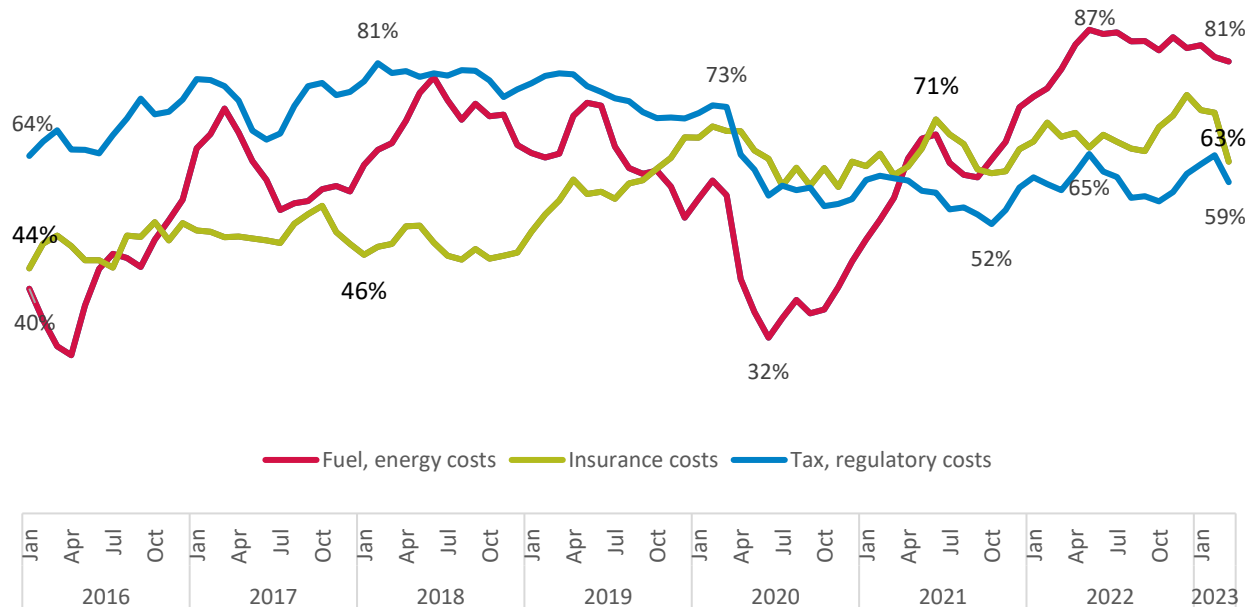
The next government must take a “do no harm” approach to policies that will affect small businesses. This means both keeping existing costs and regulatory burden low, but also not adding new costs and red tape that could hamstring small business recovery.

Inflation isn't the only cost pressure on small business owners. One of the top concerns for Alberta small businesses is property taxes. These taxes are profit insensitive, meaning that businesses must pay them whether or not they're making any money. Small businesses also face cost increases federally

with Canada Pension Plan (CPP) increases, and the carbon tax recently rising by \$15 per ton on April 1. A tight labour market has put upward pressure on wages, with wage increase plans hitting record highs since CFIB started tracking them.

Figure 5

What types of input costs are currently causing difficulties for your business?

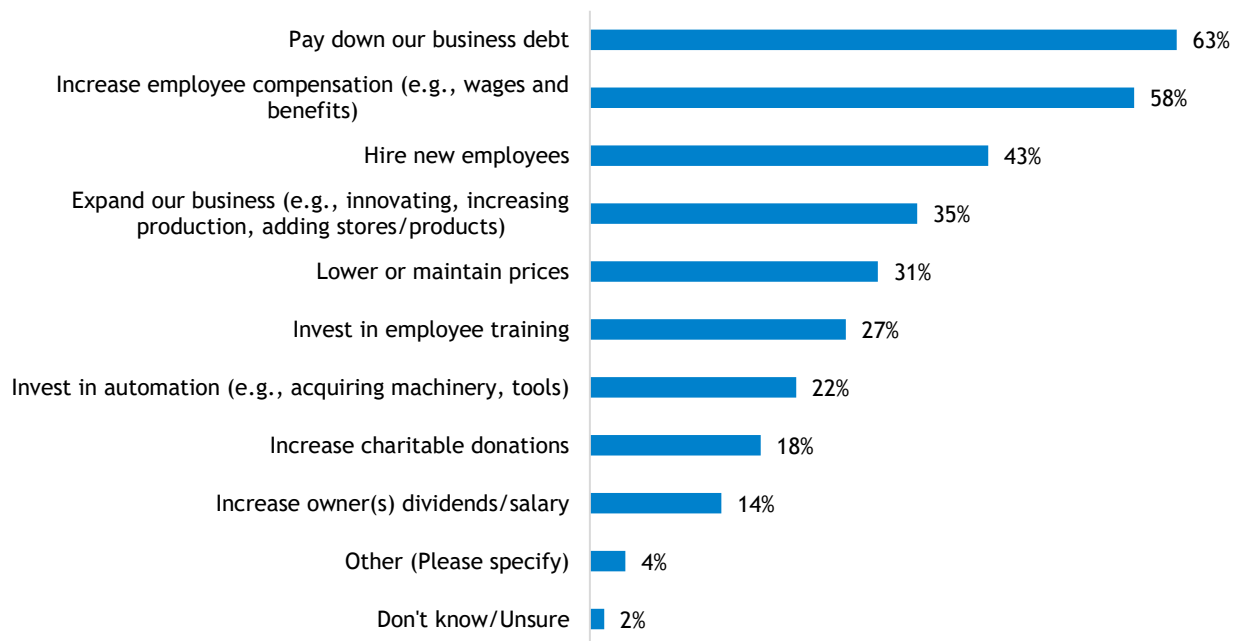


CFIB’s Monthly Business Barometer® also notes that Alberta businesses cite fuel and energy costs (80%) as their number one cost constraint and their second highest priority for political parties to address (Figure 5 and 3). Furthermore, insurance costs are also on the rise reaching its highest cost constraint level in December 2022.

Reducing taxes, like lowering the small business tax rate, will increase small businesses’ survivability, as well as Alberta’s labour force as 63% of Alberta small businesses say they would use those savings to pay down business debt and re-invest into their own employees (58%) (Figure 6). The Alberta government is expected to collect approximately \$851 million in insurance taxes for the 2023-24 fiscal year, the next provincial government should have a plan to reduce insurance premiums on all Albertans and be transparent on how insurance taxes are collected.

Figure 6

If governments were to reduce the overall burden of taxes and fees, what would your business do with the savings generated?

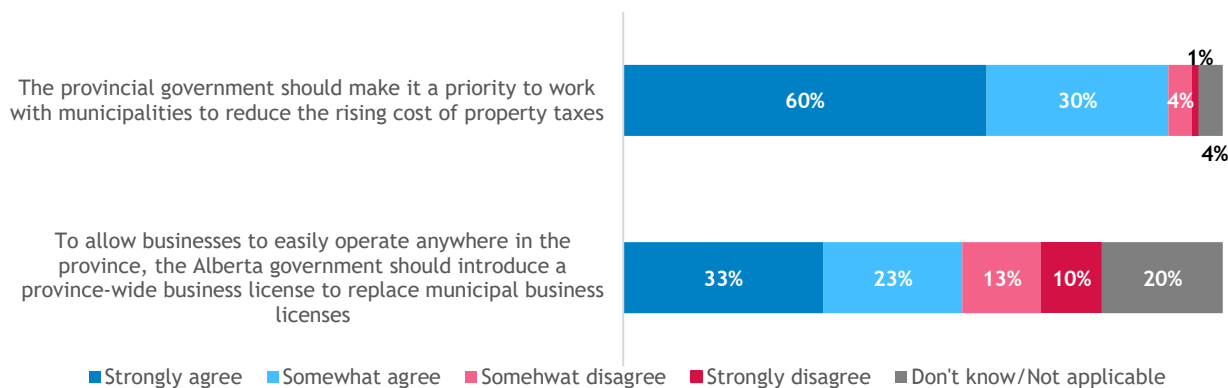


Source: CFIB, Your Voice Survey - September 2022, September 8 - September 13, Preliminary Results, AB n=266.

Property taxes remain a significant cost for small businesses. In a pre-2021 municipal survey, 90% of Alberta small businesses said the provincial government should make it a priority to work with municipalities to reduce the rising costs of property taxes (Figure 7). Manitoba for example has made a commitment to phase out collecting education property taxes for businesses. Furthermore, 72% of Alberta small businesses agree the provincial government should assist municipalities with affordable housing, property damage from crime, and construction mitigation (Figure 8).

Figure 7

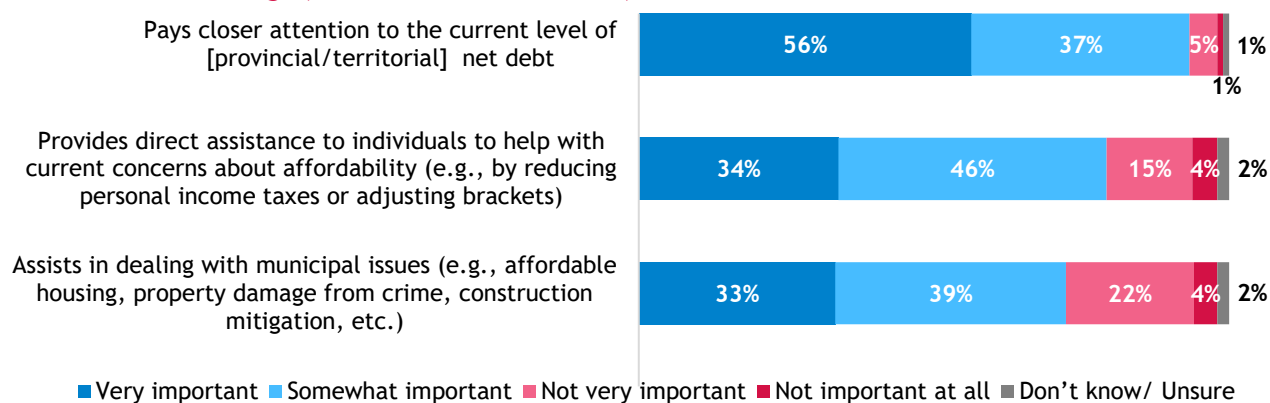
Municipal issues



Source: CFIB, Alberta Municipal Survey, May 27-June 28, 2021, AB n=742, AB n=730.

Figure 8

Please indicate how important it is to your business that your provincial government does each of the following. (Select one for each line)

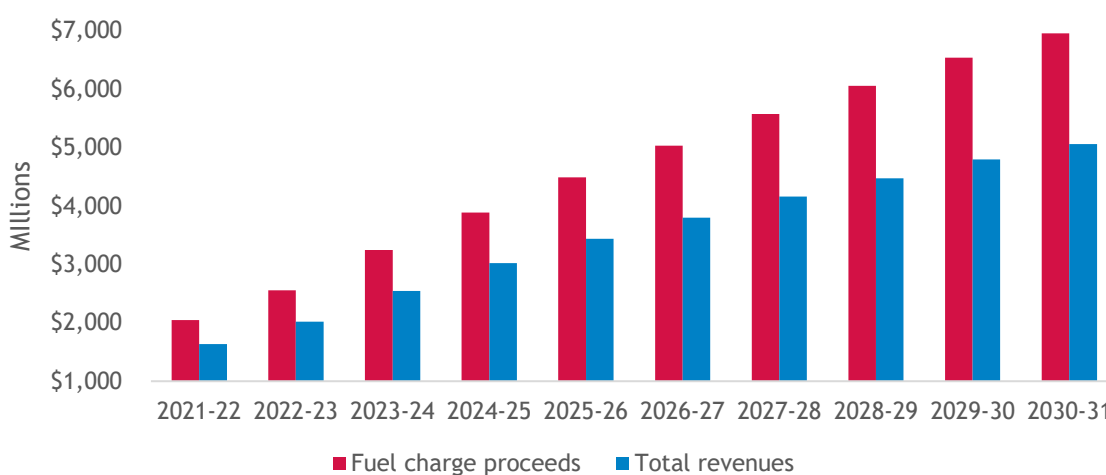


Source: CFIB, Your Voice Survey - October 6-12, 2022. Preliminary results: AB n=379.

Under the federal government’s A Healthy Environment and A Healthy Economy climate plan, the carbon tax will keep increasing until it reaches \$170 per tonne in 2030. According to the [Parliamentary Budget Office](#), the federal government will collect approximately \$46.3 billion dollars in Alberta carbon taxes from the 2021-22 fiscal year till the 2030-31 fiscal year (Figure 9). CFIB’s own report [Fueling Unfairness: Carbon Pricing and Small Businesses](#), shows that only 0.17% of carbon taxes have been returned back to small businesses even though they pay almost half of carbon taxes.

Figure 9

Annual Carbon Tax Collected and Total Revenue for the Federal Government from Alberta



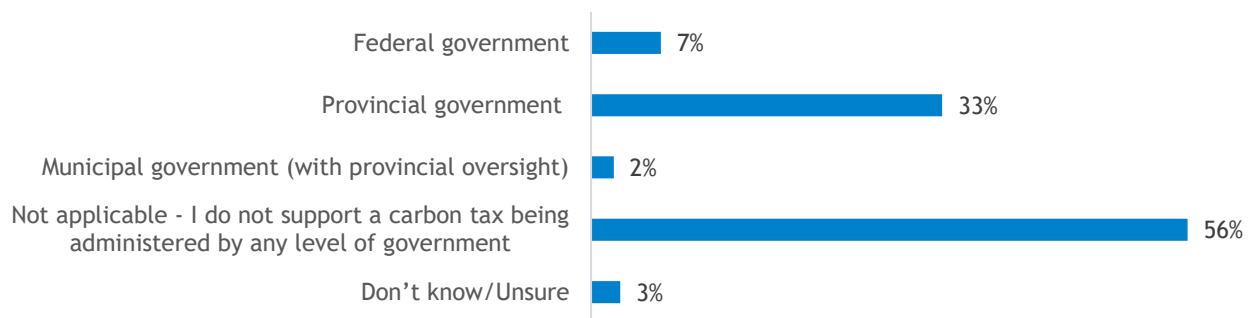
Source:

Office of the Parliamentary Budget Officer, March 24, 2022, A Distributional Analysis of Federal Carbon Pricing under A Healthy Environment and A Healthy Economy, Table B-1.

More than half (56%) of Alberta small businesses do not support a carbon tax, however of those that support it, 33% would prefer the provincial government to design and implement the system (Figure 10).

Figure 10

Given that a carbon pricing system is required in Alberta, which level of government would you prefer to design and implement that system?

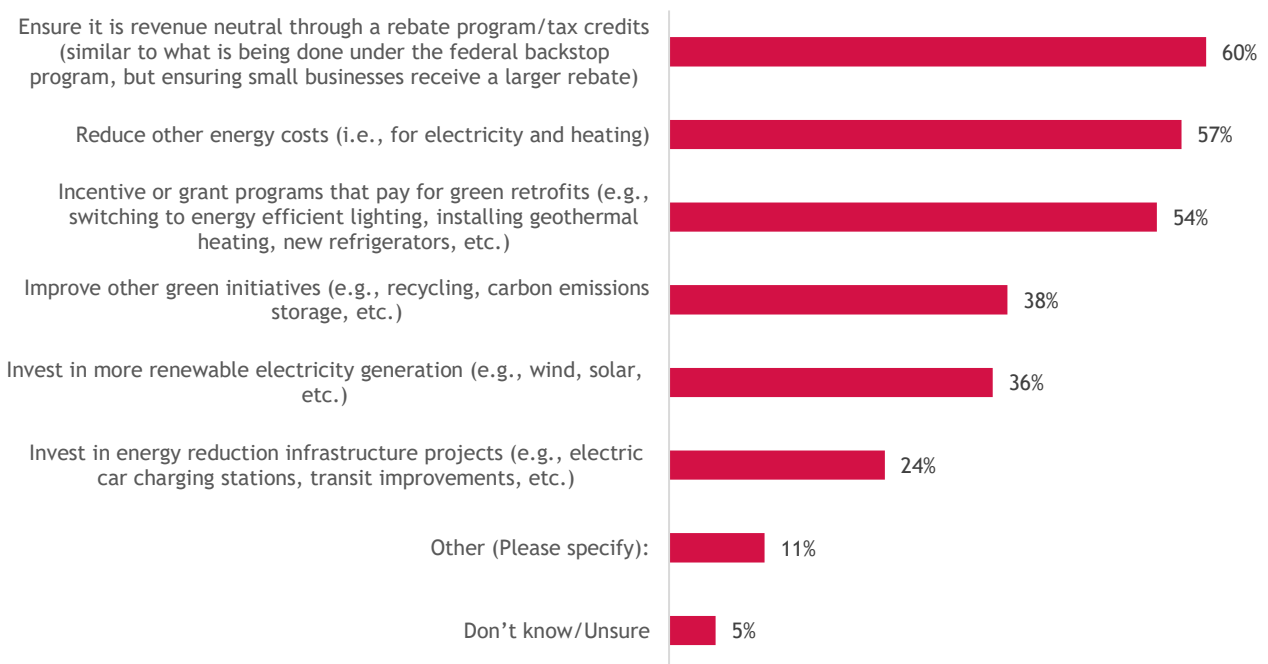


Source: CFIB, Alberta Pre-Election Survey 2023, March 22 - April 4, Final, AB n=658.

If Alberta had its own carbon tax it should be revenue neutral (60%); and revenues used to reduce energy costs (57%); and create programs that pay for green retrofits (54%) (Figure 11).

Figure 11

If Alberta were to create its own carbon pricing system, what approaches should the provincial government take in reallocating/reinvesting revenues that are collected? (Select all that apply)



Source: CFIB, Alberta Pre-Election Survey 2023, March 22 - April 4, Final, AB n=368. Data does not include those who selected Not Applicable - I do not support a carbon tax.

Should the next government choose to design and implement a carbon tax, it must be revenue neutral and that small businesses are included as part of the rebate program. We further call on the next

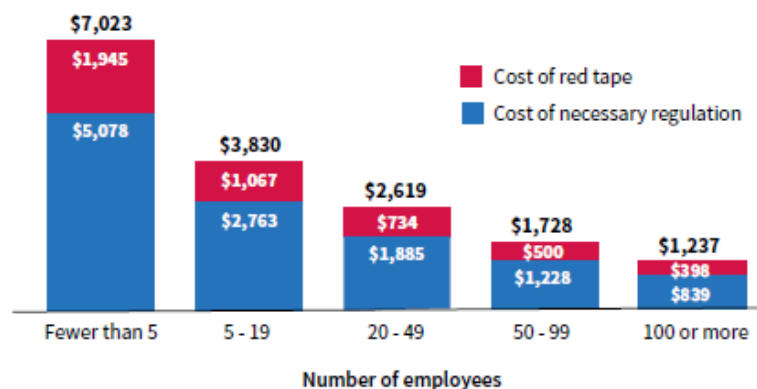
provincial government to continue the suspension of the gas tax and identify ways to lower utility costs across the province.

Reducing red tape

Along with taxation, red tape continues to be a top concern for small businesses. It is imperative the next government continue the province’s work on reducing red tape. Red tape and excessive bureaucracy can limit productivity, lower investment capacity, and leave business owners with less time to manage their business. The smaller the business, the higher the cost (Figure 12). Red tape not only includes paperwork and rules but also government customer service. Not being able to get answers quickly from a government website or call centre, or not being able to understand forms or guidance documents can frustrate Albertans.

Figure 12

Annual regulation cost per employee, by size of business (in 2020 dollars)



Sources: Calculations based on CFIB’s Survey on Regulation and Paperburden (conducted in 2020, n=4,603) and data from Statistics Canada.

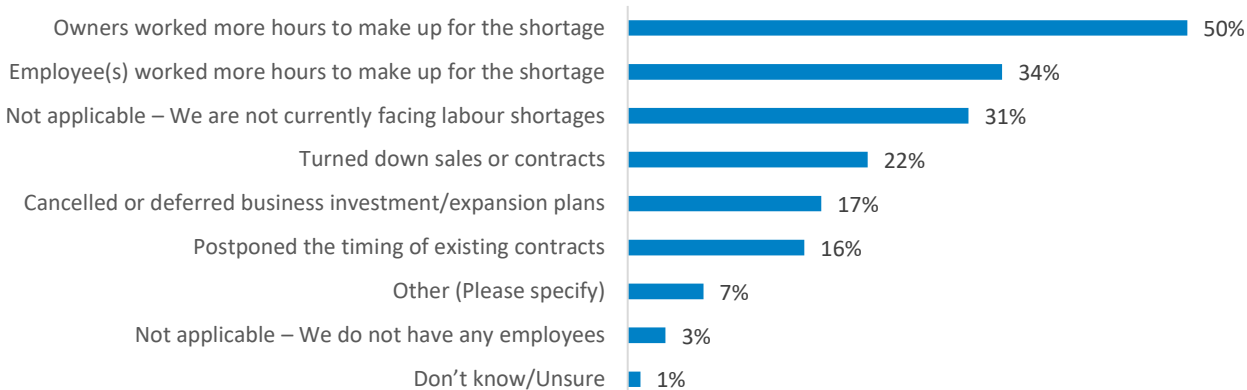
Small businesses are also aware that a strong healthcare system is paramount to a healthy society. This is why, 52% of Alberta small businesses would like to see the next government commit to investing in healthcare (Figure 3). CFIB’s report [Patients before Paperwork](#), estimates that just a 10% reduction in the amount of unnecessary administrative work done by doctors could enable doctors to see approximately 656,000 more patient visits in Alberta.

Labour policies

Only one-third of Alberta small businesses report they are not facing labour challenges (Figure 13). While wage increases have often been touted as the solution, according to CFIB’s [Labour shortages are back with a vengeance](#) report 35% of small businesses on a national level who raised wages did not find it helpful to attract workers. The report further notes that small businesses across the country have been more successful in using other solutions to deal with labour shortages including automation and hiring through the Temporary Foreign Worker Program (TFWs).

Figure 13

What impact, if any, do labour shortages currently have on your business?



Source: CFIB, Your Voice - February 2023 survey, February 8 - 14, 2023, preliminary results n= 264

Across the country, there are calls for paid sick leave policies funded by either the government or employers. In the case of government paid sick days, we are concerned the cost of this policy will transition to businesses as seen in British Columbia, which went from 3 government paid sick days to 5 employer paid sick days. 78% of Alberta small businesses do not support the implementation of permanent, employer paid sick leave in any capacity.

To provide certainty and ensure employer funds are returned to employers, Alberta should introduce legislated Workers Compensation Board rebates. Similar legislation has been passed in Ontario that requires a distribution of surplus funds to employers once their funded target has been reached.

Figure 14

Surplus Distribution Policies, Workers' Compensation Boards, by Jurisdiction¹

	YT	NT/NU ²	BC ³	AB	SK	MB	ON ⁴	QC ⁵	NB	NS ⁶	PEI ⁷	NL ⁸
Rebate Policy exists – Yes/No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Funding ratio for rebate %	Above 129%	Above 135%	Na	Above 128%	Above 122%	Above 130%	Above 114%	Na	Above 125%	Na	Above 140%	Above 140%

Source: Workers' compensation boards

Notes:

- Boards can use their own discretion in deciding whether to issue a rebate, and its amount.
- Discretionary rebate if funded ratio exceeds 135% for two successive years.
- Excess funds are used to discount premium rates.
- Discretionary rebate if funded ratio is equal to or above 115%, mandatory rebate if funded ratio is above 125%.
- Excess funds are used to discount premium rates.
- In 2020, the board eliminated the unfunded liability, going forward the aim is to develop funding parameters (i.e. upper and lower thresholds).
- If funded ratio is between 125% and 140%, the board will adjust annual revenue requirements, based on assessment rate adjustments.
- Premium rate reduction if funded ratio is greater than 120%, but less than 140%.

CFIB recognizes that workers compensation systems need to be adequately resourced to continue the important work of supporting workers and making workplaces safer. A top end of the target funding range of 124% can still accomplish WCB's goals while also ensuring fair rebates back to employers.

Small business platform policies

The next government must make economic recovery and ensuring an environment where small businesses can thrive a focal point of their plan for Alberta. This means both keeping existing costs and regulatory burden low, but also not adding new costs and red tape that could hamstring small business recovery.

Reducing costs

- Do not introduce any new costs (tax increases, new fees, etc.) on small businesses.
- Index the Small Business Tax Rate (SBTR) threshold to inflation annually and deliver a plan to gradually reduce the SBTR to 0%.
- Continue the gas tax suspension and identify ways to lower utility costs across the province.
- Reduce insurance taxes and be more transparent with how these tax dollars are collected and distributed.
- Work with municipalities to lower property taxes and help address other issues like crime prevention, and affordable housing.
- Work with the federal government to return carbon tax revenues back to businesses and halt the increases.

Red Tape

- Continue to annually update the province's regulatory reduction progress by ministry.
- Promote the Government of Alberta's Cutting Red Tape Website so that Albertans can submit their red tape reduction suggestions.
- Work to adopt a policy of "mutual recognition" to internal trade, which means that any good that can be sold in one jurisdiction can be sold in other jurisdictions without meeting further requirements.
- Advance direct-to-consumer interjurisdictional shipment of Canadian wine/craft beer and spirits.
- Commit to working with the medical association to estimate the administrative burden and its impact, identify key red tape irritants to resolve, and set a measurable target to reduce physician red tape.

Labour

- Do not introduce a mandatory employer-paid sick days program.
- Adopt a training tax credit that recognizes the informal "on-the-job" training happening in small businesses.
- Expand on Bill 49 - *the Labour Mobility Act*, that mutually recognizes certifications from outside of Alberta (both in Canada and internationally) to allow workers moving to Alberta from other provinces or countries to work in their fields immediately.

- Work with the federal government to improve and streamline immigration processes to bring more workers into Alberta faster and ensure a good fit between immigration and positions to fill.
- Offer financial support to small businesses adopting new technologies that address labour shortages.
- Workers Compensation Board:
 - Funding policy: legislate surplus distribution policies and implement mandatory distribution once over-funding reaches a certain level, like in Ontario
 - Funding policy target range: the top end of the target funding range be reduced to 124% thus making the target funding range between 114% and 124%.

Infrastructure

- Review municipal building permit processes to determine if they can be streamlined.
- Include a comprehensive construction mitigation package as part of all significant provincial construction projects that cause major disruptions for extended periods of time to the regular operations of local business owners. The package should include the following components:
 - A direct compensation program that is easy to access and involves fair and timely monetary compensation.
 - An improved contracting process that includes a bonus/penalty system for the early/late completion of the project.
 - A comprehensive planning process that uses the “sign once” principle and spells out the phasing/timing of a project.
 - A “no surprise” rule that includes significant consultation with the affected communities on expected timelines and disruptions to ensure no business is caught off guard during the construction period.
 - A designated business liaison officer with managerial authority for the project to ensure the local business community is regularly canvassed and updated on the project’s progress.

Government Spending

- Commit to a balance budget.
- Have a concrete plan for debt reduction and heritage savings.