



CANADIAN FEDERATION
OF INDEPENDENT BUSINESS

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BUILDING BC'S RECOVERY, TOGETHER - SUBMISSION

JULY, 2020

Small Business are the Building Blocks of BC's Recovery

Without additional support from the Province of British Columbia, many small businesses could be left behind on the road to recovery.

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The Canadian Federation of Independent Business (CFIB) is putting forward its priorities to the Government of British Columbia in how to help British Columbia's small and medium-sized businesses recover from the COVID-19 pandemic. The pandemic has caused massive disruption for small and medium-sized businesses, many having had to close their doors by decision or by provincial order. As BC moves to the new normal, we must remind ourselves that small businesses are the concrete of paving a path to recovery, and supporting them is integral to the province's recovery.

Introduction

On behalf of CFIB and the 10,000 independent business owners across BC we represent, CFIB appreciates the opportunity to present our pre-budget recommendations for the 2021 provincial budget. CFIB is a non-partisan, non-profit, political advocacy organization with a membership of over 110,000 small and medium-sized businesses (SMEs) across Canada. Our members in BC are located in every region of the province, with industry diversity that closely parallels that of the provincial economy.

As a result of the COVID-19 pandemic, mandatory orders implemented by the BC Provincial Health Officer¹ created a shutdown of business operations across the province. While unprecedented measures were implemented to protect the health of British Columbians and

¹ BC Government, Current Health Topics, COVID-19 (Novel Coronavirus), Orders, Notices & Guidance. <https://www2.gov.bc.ca/gov/content/health/about-bc-s-health-care-system/office-of-the-provincial-health-officer/current-health-topics/covid-19-novel-coronavirus>.

flatten the curve of infection of the COVID-19 virus, there was an important, if not equal need to protect the economy.

British Columbians entered the new normal on May 6, 2020, when Phase 1 of the province's Restart Plan was entered. As the province moves through each new planned phase, more and more business restrictions are lifted under specific guidance and restriction. While each individual business owner has had a unique journey through during the COVID-19 pandemic, there have been several common themes: overwhelming stress, uncertainty for the future of their business, and uncertainty for the future of our economy.

The province will play a vital role in supporting local entrepreneurship. With this submission, it is the goal of CFIB to provide recommendations on how best the province can support local entrepreneurship in reaching the new normal and recovery. The submission focuses on 3 key areas:

1. The state of small business during COVID-19;
2. Economic stimulus through targeted financial support and relief;
3. Rebuilding the economy through opportunity, innovation and business growth.

The state of small business

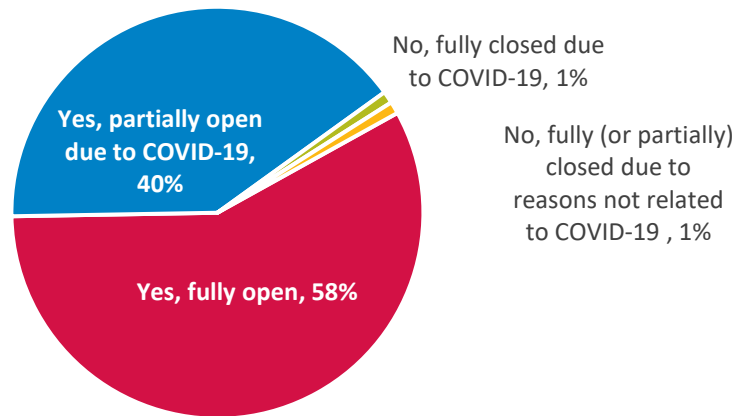
To develop a thorough understanding of the state of small business, this section offers a variety of data from small business owners directly. By capturing the new realities small business face in light of the COVID-19 pandemic, we can better identify their needs.

While many variables influence business outcomes, there is no denying the COVID-19 pandemic has had a significant impact. With the initial order of business closures, business owners were left with no source of revenue or income, but remained on the hook for bills, rent and other expenses even though their doors were closed.

Now, with the majority of small businesses reopened as BC enters Phase 3 of its Restart Plan (see Figure 1), it's integral a focus is put on small business recovery. Small businesses face an unprecedented amount of challenges and insurmountable stress right now as they try to plan the future of their livelihood. The recommendations included in this submission are made with the understanding of the challenges small business face, as outlined in this section.

Figure 1:

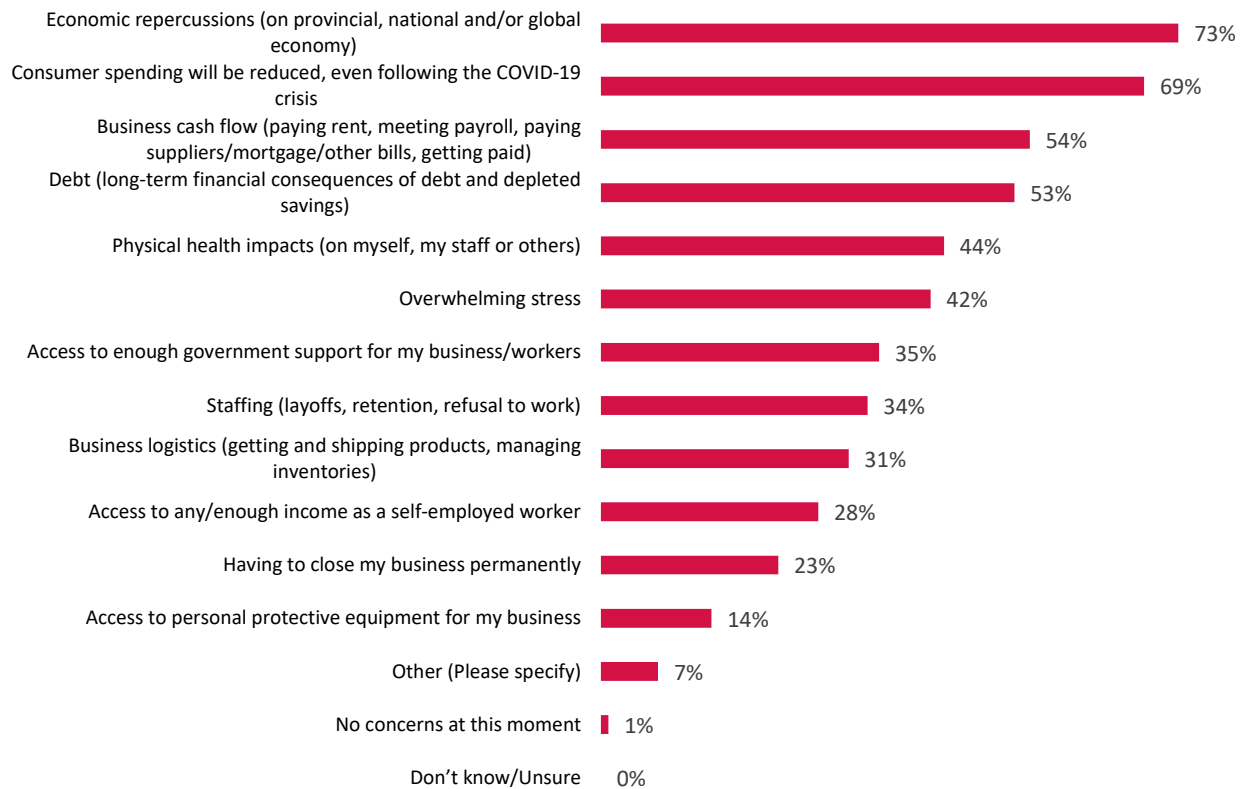
Have small businesses in BC reopened?



Source: CFIB Survey, Your Business and COVID-19: Survey Number Sixteen. Results as of July 3 – July 6, 2020. Sample size for BC = 424

Figure 2:

Q: What worries you most about COVID-19?



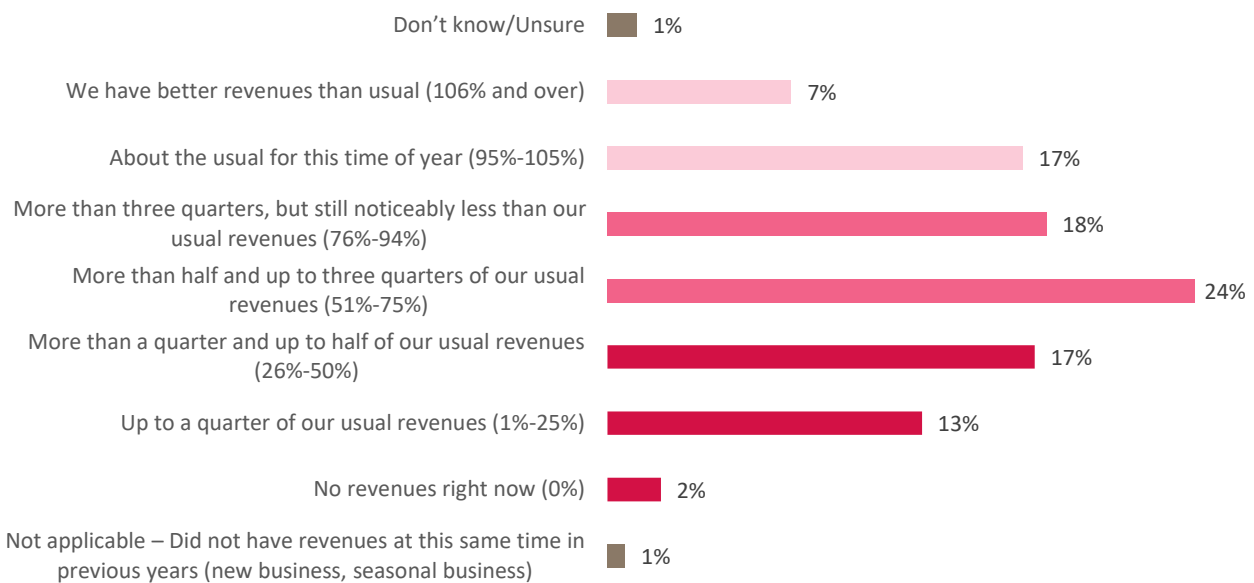
Source: CFIB Survey, Your Business and COVID-19: Survey Number Sixteen. Results as of July 3 – July 6, 2020. Sample size for BC = 424

Despite the many Federally funded programs to support small businesses, including CEBA, CEWS and CECRA, many business owners are still having difficulty with cash flow. While these federal programs are integral in helping many businesses weather the storm and plan for the future, small businesses in BC need more help. Consumer spending is a significant worry for small businesses, as many are simply not seeing a comparable flow of customers compared to pre-COVID norms. Without customers, business owners cannot turn a profit – let alone generate enough revenues to keep the doors open and the lights on. With nearly 1-in-5 small business owners worried about having to close their business permanently (see Figure 2), it is evident that more support is needed for small businesses in BC’s recovery phase.

Small business revenues are significantly down. In fact, 32 per cent of small businesses are making 50 per cent or less of their usual revenues (see Figure 3). Even as British Columbia enters Phase 3 of its reopening plan, it is clear customers are hesitant to return to normal purchasing habits.

Figure 3:

Q: How much of your usual revenues for this time of year is your business currently making?



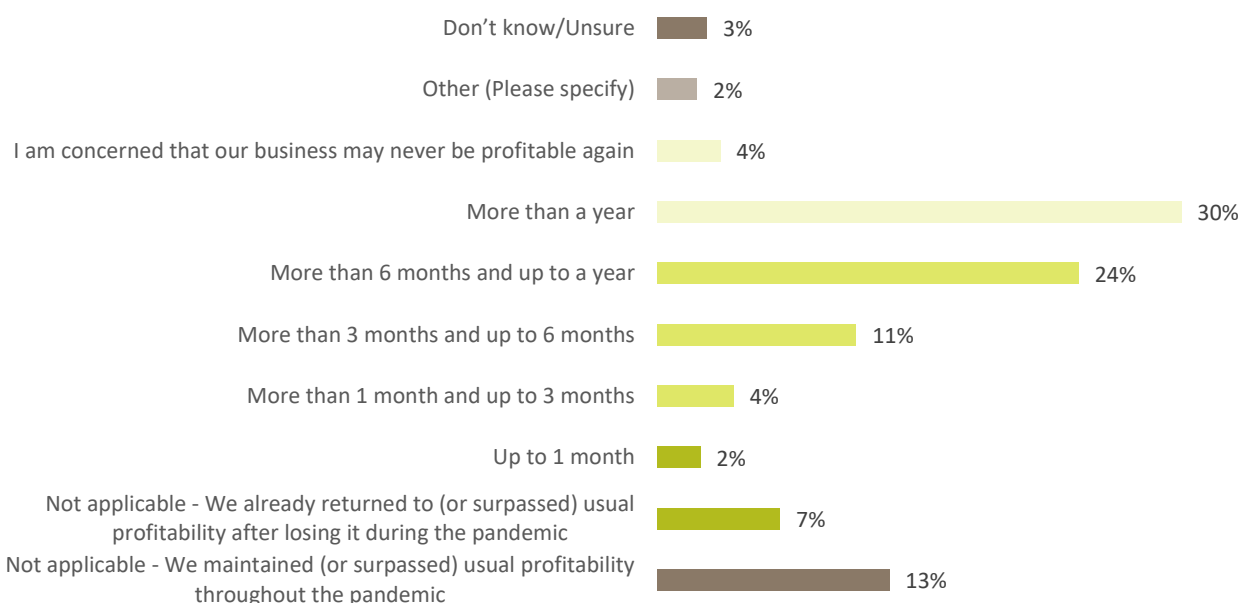
Source: CFIB Survey, Your Business and COVID-19: Survey Number Sixteen. Results as of July 3 – July 6, 2020. Sample size for BC = 424

Given the significant changes made to health and safety protocols, both of WorkSafe BC and guidance from the Provincial Health Officer, more encouragement from the government is needed to regain consumer confidence and reassure British Columbians it is safe to shop local again. While this is one piece of the puzzle to recovery, it is also integral that government policy and taxation reflects the realities of small businesses today. With only 24 per cent of small businesses making usual or better revenues for this time of year, it is critical that the cost of small business is not increased to any degree or amount during BC’s recovery period (see Figure 3).

Not only is it vitally important that the cost of doing business does not increase, it is also important that the province offer additional support to small businesses. As the Bank of Canada predicts a long and bumpy road to recovery,² it is no surprise businesses do not expect to be profitable for some time either. In fact, approximately a third of businesses do not expect to see a profit for at least another year (see Figure 4). Evidently, extending support programs to help keep businesses open will be necessary, as well as introducing additional programs to support them through additional challenges and costs brought on by COVID-19 during the province’s economic recovery period.

Figure 4:

Period of time before business expect to see revenues exceed expenses (i.e. profitable)



Source: CFIB Survey, Your Business and COVID-19: Survey Number Fifteen. Results as of June 26 to July 2, 2020. Sample size for BC = 534

Economic stimulus through targeted financial support and relief

On BC’s path forward to recovery, taxation policy must reflect the new reality businesses face.

Small businesses already operate on razor thin margins; the COVID-19 pandemic has put local businesses in an even more difficult position where revenues are at a new low. The need to promote an environment where businesses can recover revenues and thrive once again is critical. However, many business owners have kept their business afloat during the pandemic

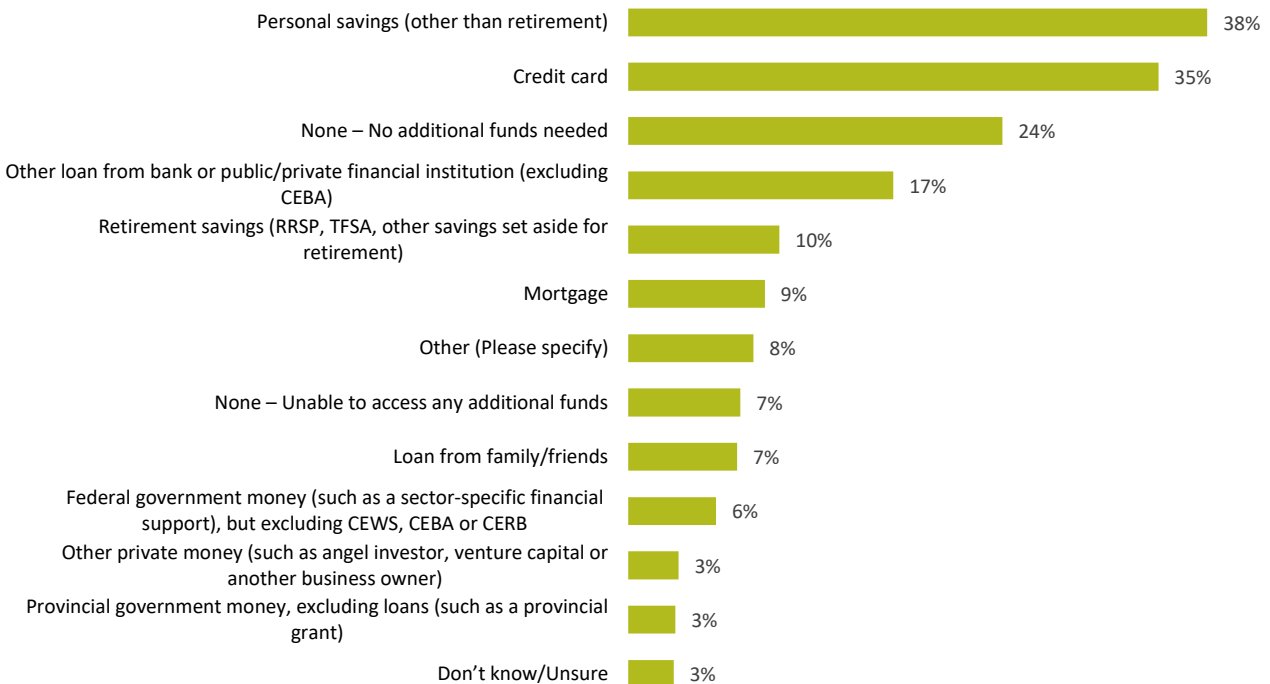
² Bank of Canada, Monetary Policy Report – July 2020, <https://www.bankofcanada.ca/wp-content/uploads/2020/07/mpr-2020-07-15.pdf>

by taking on personal debts; a risky behavior that should not be encouraged, and sets back the business owner themselves significantly.

Small business owners have had to resort to using personal savings (38 per cent) or credit cards (35 per cent) to help pay for expenses during the pandemic, leaving them with little to no safety net to weather another storm (see Figure 5).

Figure 5

Q: Other than CEWS, CEBA and CERB what additional sources of money is your business using to cope financially with COVID-19?



Your Business and COVID-19 Survey Number Eleven – May 22 to June 5, 2020. Sample size for BC = 939.

To discourage this behavior, the province must take immediate action to alleviate financial pressures on small businesses. With the very real possibility that many small businesses may fail, provincial policy should be structured to help minimize this outcome – especially in light of the difficult financial jeopardies many entrepreneurs have had to take. The following section offers a list of recommendations on how the provincial government should decrease the cost of doing business.

Partial business license refund for those ordered to close

On March 20, 2020, the Provincial Health Officer ordered restaurants to cease in-dining operations,³ and on April 16, 2020 personal service establishments⁴ were ordered to close. While a necessary measure in light of the COVID-19 pandemic, businesses were forced to cease operations, leaving many with no revenue. Despite this, businesses were still expected to pay for licenses, including but not limited to municipal business licenses and provincial liquor licenses. The cost of these licenses added financial pressure to businesses who at the time had no method of generating revenue, or faced significantly stunted revenues limiting their ability to pay bills.

Businesses in other jurisdictions faced the same fate, and their government took action. The Yukon Territory issued a 50 per cent refund of 2020's liquor license fee to restaurants, bars and pubs due to mandated closure requirements.⁵ While this example sets precedent for others to do the same, the sentiment should be further extended. With that, CFIB recommends the following:

Recommendations

- i. Issue a pro-rated refund of provincial business licenses, including but not limited to liquor licenses;
- ii. To avoid administrative complications⁶, work with municipalities to provide a lump-sum payment to BC businesses to help cover the cost, or partial cost of municipal business license fees.

Forgive upcoming provincial bills coming due in the Fall

In response to the COVID-19 pandemic, the BC government deferred many provincial tax filings and payments.⁷ This was a very welcomed and necessary decision that gave business owners financial flexibility. Now, as the September 30, 2020 deadline approaches quickly for many provincial bills coming due, business owners are once again worried if the list of expenses may push them over the edge. As revenues have not recovered to pre-COVID levels (Figure 3) and profitability remains a faraway horizon (Figure 4), small businesses are in no position to pay for these costs at this time. With that, CFIB recommends the following:

Recommendations

³ Province of British Columbia, BC Gov News, *Correction: B.C. Covid-19 response update*. See *Provincial advice and measures: "NEW: Dr. Bonnie Henry, provincial health officer, has ordered all restaurants can only offer take-out and/or delivery services to enforce social distancing."*. <https://news.gov.bc.ca/releases/2020HLTH0099-000533>

⁴ Order of the Provincial Health Officer, Ministry of Health. May 13, 2020. https://www2.gov.bc.ca/assets/gov/health/about-bc-s-health-care-system/office-of-the-provincial-health-officer/covid-19/class_order_with_respect_personal_services_covid-19_may_15_final.pdf

⁵ Yukon Government, News, 2020. Minister responsible for the Yukon Liquor Corporation, John Streicker, *Support for restaurants announced*. <https://yukon.ca/en/news/support-restaurants-announced>

⁶ While CFIB encourages the province to work with municipalities in finding solutions, CFIB recognizes the administrative challenge that would be created in refunding municipal business license fees, as fee guides and business classifications vary vastly between municipalities.

⁷ Province of British Columbia, Tax Changes, *COVID-19 UPDATES: Provincial Tax & Revenue Changes*. https://www2.gov.bc.ca/gov/content/taxes/tax-changes/covid-19-tax-changes?bcgovtm=20200319_GCPE_AM_COVID_4_NOTIFICATION_BCGOV_BCGOV_EN_BC_NOTIFICATION. Accessed July 13, 2020.

- i. Forgive upcoming provincial costs, including but not limited to the Employer Health Tax, Sales Taxes, and the Logging Tax;
- ii. At minimum, allow BC businesses to defer provincial taxes and bills to at least September 30, 2021.

Lower commercial School Tax Rates for businesses in 2021

In addition to the many provincial tax deferments, the reduction of the commercial School Tax for commercial properties (classes 4, 5, 6, 7 and 8) was a welcomed decision from small business owners, which provided direct financial relief. This bold decision is one that the province must consider again for the future; the effects of the pandemic will last beyond 2020, and relief will need to be extended. With that, CFIB makes the following recommendation:

Recommendation

- i. Lower the commercial School Tax Rate for commercial properties (classes 4, 5, 6, 7 and 8) in 2021, to provide at minimum a 25 per cent average reduction in commercial property tax bills.

Introduce a PST Tax Credit on Business Inputs

One tax consistently comes up as a burden to all businesses and a barrier for investment: the Provincial Sales Tax. While the PST is often an administrative burden for small business, its cost on business inputs imposes a financial burden. While British Columbia certainly does not have the highest total tax rate comparatively in Canada, the province is quickly losing competitiveness as neighboring provinces lower their tax burdens.⁸ With that, CFIB makes the following recommendations:

Recommendations

- ii. Phase in PST tax credits on all business inputs over a period of time, and as budget allows;
- iii. Remove PST on Machinery and Equipment.

Provide access to funding to help SMEs pay for PPE

With revenues significantly down, small businesses are struggling to keep the lights on – let alone absorb new costs. However, with the pandemic have come significant new costs for small businesses, including having to source and supply personal protective equipment. Additional

⁸ PST rates as of 2020 for Western Provinces: BC: 7%; Alberta: no PST exists; Manitoba: 7% (reduced from 8% in 2019); Saskatchewan: 6%.
<https://www.retailcouncil.org/resources/quick-facts/sales-tax-rates-by-province/>

access to financing would help businesses weather the cost of temporary new expenses, or help businesses who are falling through the cracks of Federal recovery policies to pay for fixed costs. With that, CFIB makes the following recommendation:

Recommendation

- i. Introduce a grant (or at minimum, loan program) small businesses can access to pay for new expenses or fixed costs, including but not limited to personal protective equipment and/or rent.

New property tax class for development potential of commercial properties

Every year, BC Assessment determines the value of residential and commercial properties. Due to rapid development in the Metro Vancouver region, many commercial properties have seen a massive increase in value. In fact, the average business owner in Metro Vancouver saw their property assessment increase 87 per cent between 2015 and 2019.⁹ Property taxes are determined by a property's assessed value, which includes future use (i.e. development potential, or simply known as the air space above a building). The development potential is taxed at the highest rate, the commercial tax rate, which has driven many business owners' property tax bill through the roof.

It is no small matter; in fact, over half of small business owners in Metro Vancouver indicate they have considered moving their business or closing down due to property taxes and/or their lease costs.¹⁰ The COVID-19 pandemic has certainly not improved the situation. Even though many municipalities have offered payment deferral plans, tax bills are just around the corner. BC business owners will struggle to pay their bills for the 2020 tax year, and action is needed to help them weather the financial storm.

The COVID-19 pandemic has proven that government can act quickly under emergency circumstances; skyrocketing property taxes have put many small businesses in a very dire situation, and over the years have contributed to permanent closures. With this in mind, CFIB recommends the following:

Recommendations

- i. Pass legislation which allows (by choice) municipal governments to create a property tax sub-class for the development potential portion of commercial properties at a lower, rate. Ultimately, allow municipalities to offer targeted property tax relief to small businesses hardest hit by large increases to property value derived from speculative development potential.
- ii. Work with BC Assessment to make the following improvements:

⁹ CFIB Metro Vancouver Property Tax Survey, January 8 – January 31, 2019, n=271. "Please share your business's property assessment in each of the following years (if applicable):" 2019 mean = \$5,483,936; 2015 mean = \$2,919,082.

¹⁰ CFIB Survey, BC Provincial Government 2 Years and Property Tax Survey, July 4 – July 18 2019, n=208, breakout for Greater Vancouver.

- a. Provide a more detailed breakout of how business property is valued (i.e. if a commercial building's value is partially based on undeveloped residential potential, BC Assessment should provide the details on how the value is determined);
- b. Specific instructions on how to appeal a property assessment should be made public and communicated to both tenants and landlords (i.e. timelines, process);
- c. Extend the window where an appeal can be made on a property's assessment (i.e. currently the end of January to end of February).

Exempt more businesses from paying the EHT

BC's Employer Health Tax (EHT) came into effect January 1, 2019 with the intention to help replace lost revenues from the elimination of Medical Service Plan (MSP) premiums. The \$2 billion tax shifted the responsibility for healthcare costs entirely onto businesses. Small businesses have a very challenging road ahead, and by alleviating cost pressures the provincial government has an opportunity to provide businesses with more flexibility while helping encourage job growth.

By raising the EHT exemption threshold, the province could exempt more businesses from having to pay the tax. This initiative has been pursued by other provinces with employer-paid health taxes, including the Ontario government who increased their exemption from \$490,000 to \$1 million for 2020,¹¹ setting precedent for BC to follow suit. This would provide direct financial relief to businesses while temporarily lowering the cost of jobs. With hiring intentions down compared to this time last year (see Figure 4), lowering the cost of jobs would provide more opportunity for businesses to hire for additional positions when able to. With this in mind, CFIB makes the following recommendations:

Recommendations

- i. Increase the small business exemption from \$500,000 to at least \$1 million for 2020 and 2021. Evaluate the impact of the increased threshold, and consider permanently increasing the exemption threshold;
- ii. Tie payroll thresholds subject to the tax to inflation;
- iii. Investigate ways to create a more even split between business and residents paying for health care costs, such that businesses are not disproportionately subsidizing the cost.

Reassess minimum wage increases

¹¹ Government of Ontario, Ministry of Finance, Employer Health Tax. <https://www.fin.gov.on.ca/en/tax/eh/eh/index.html>

On June 1, 2020 BC's minimum wage rose \$0.75 from \$13.85 to \$14.60. While this is a modest increase compared to the last (an increase of \$1.20 on June 1, 2019), it occurred during a provincial wide state of emergency when business revenues were already devastated (see Figure 4) and hiring intentions plummeted (see Figure 3). While CFIB understands the sentiment of supporting entry-level jobs, increasing the cost of jobs during the COVID-19 pandemic was not a welcomed decision from the small business community of BC.

As BC moves forward on its path to recovery, it is essential that all policies reflect the realities of small business. As the economy thirsts for more job opportunities, lowering or deferring increases to the minimum wage will help maintain the cost of jobs from an employer perspective. With this, CFIB makes the following recommendations:

Recommendations

- i. Delay the June 1, 2021 minimum wage increase set to reach \$15.20 to at least July 1, 2022.
- ii. Tie all further minimum wage increases to inflation.

Rebuilding the economy through opportunity, innovation and business growth

Businesses and consumers alike are affected by regulatory burdens. Government rules, permits, and paperwork are involved in anything from renovating a home to applying for a business license. While many rules are necessary to protect British Columbians and encourage positive outcomes, there are numerous ways for rules to be simplified.

Having too many rules, or having rules that ultimately slow our economy can hurt productivity. Repetitive paperwork, difficult to read forms, or broken hyperlinks are common examples which take valuable time away from business owners. Additionally, unclear guidelines can have a serious consequence on business outcomes; with the specific scope of COVID-19, lack of clarity and government communication could lead to unfavorable health and safety outcomes. This section focuses on ways the provincial government can increase the ease of doing business, either through regulatory modernization or policy change.

This is also important when trying to encourage companies to invest in British Columbia. Whether it is big business or small, complex rules that are overly prescriptive, cumbersome and time consuming must be carefully looked at in this current climate.

Do not require business owners or their employees to enforce and/or police Provincial Health Orders beyond what is reasonable

Protecting the health and safety of customers and employees is a priority for small businesses, who across the province have implemented their COVID-19 Safety Plans following the guidelines of the Provincial Health Officer and WorkSafe BC. Businesses have had to adapt to new safety measures such as installing plexiglass, sourcing and supplying personal protective equipment, and increasing sanitation measures, quickly having to become experts in this area. While business owners strive to provide safe and sanitized environments for their customers, it is important to visit the role which business owners play in enforcing these new measures. While it is critical business owners do their due diligence to implement and encourage these new measures, it cannot be expected for them to enforce and administer new rules.

Across Canada, other provincial governments have opted to introducing mandatory mask measures. However, many have left enforcement in the hands of business owners themselves. Business owners are not equipped with the education or tools to carry out these orders, and should not be expected to do so. With that, CFIB makes the following recommendations:

Recommendations

- i. Do not put business owners, or employees in the position of policing provincial health orders beyond due diligence. While it is reasonable to expect a business to provide signage and confront customers who are not abiding by provincial health orders, it is not reasonable to expect or ask business owners or their employees to enforce and police these measures.

Invest in the future of British Columbians through skills training programs

Before the COVID-19 pandemic happened, British Columbia had a serious shortage of qualified labour.¹² Businesses have had a difficult time filling jobs, either due to not receiving enough application or simply being unable to find sufficiently qualified workers. While COVID-19 has changed the labour market in numerous ways, it is still necessary British Columbia equips its citizens with the tools they need to succeed – and that includes identifying which industries have demand for workers, and how the province can encourage and provide the corresponding education. With that, CFIB makes the following recommendations:

Recommendations

- i. In the medium- to long-term, invest more resources into skills training so British Columbians are more able to pivot their skills to new job markets and industries;
- ii. Identify different labour market challenges faced by SMEs in different regions, and develop a plan to encourage the movement of more people to areas with more job supply than demand.

¹² Canadian Federation of Independent Business, “Private sector still plagued by labour shortages: 433,000 jobs went unfilled in Q3 2019”, see results for British Columbia. <https://www.cfib-fcei.ca/en/media/private-sector-still-plagued-labour-shortages-433000-jobs-went-unfilled-q3-2019>

Sector specific support for small business

As an initiative to support food-primary, liquor-primary, and manufacturers licenses, the BC government introduced new authorization during the COVID-19 pandemic to allow these businesses to expand their service areas until October 31, 2020.¹³ This initiative was welcomed and accompanied with an easy-to-fill online application process to help simplify the process. It is creative solutions like this that help entrepreneurs get back on track.

We must recognize that the recovery period from COVID-19 will go beyond the summer of 2020. British Columbia has a long path forward, and extending innovative ideas beyond this year will help strengthen our local economics and drive entrepreneurship.

The expedited processes that has been developed for restaurants, bars and pubs by several BC municipalities is also a great model to extend to other industries. Municipalities like Port Coquitlam have pursued this, and have worked with breweries and distilleries to expand their patios into parking lot space.¹⁴

The BC Government has also taken initiative to temporarily allow restaurants, bars and tourism operators to purchase liquor at wholesale prices until March 31, 2020. Given the financial challenges facing these industries, further extension of the program is encouraged. Innovative ideas that help address sector specific challenges are highly valued, and need to be explored further. With that, CFIB makes the following recommendations:

Recommendations

- i. Extend the Temporary Extension Applications for BC's licensed establishments program beyond October 31, 2020. For example, introducing the program each summer would allow more businesses to expand service areas. This would help licensed establishments accommodate increased customer demand during summer and high-tourism months.
- ii. Encourage municipalities taking part in streamlined patio permitting programs (such as Vancouver's Temporary Expedited Patio Program)¹⁵ to repeat the program in following summers.
- iii. Work with municipalities on industry specific support. For example, municipalities could work with the province by collecting information from tourism businesses to develop ideas on how to best support the industry. As municipalities are the closest level of government to business, working with them will allow more specific, targeted relief assistance to be developed.
- iv. Extend the initiative to allow restaurants, bars and tourism operators to purchase liquor at wholesale prices beyond March 31, 2021, to end of year 2023 with possible extension.

¹³ BC Government, Covid Temporary Extension Applications, Liquor and Cannabis Licensing, <https://justice.gov.bc.ca/cannabislicensing/covid-temporary-extension>.

¹⁴ TriCity News, Strandberg, Diane. June 16, 2020, *Parking lot patios a hit at Port Coquitlam breweries*. <https://www.tricitynews.com/news/parking-lot-patios-a-hit-at-port-coquitlam-breweries-1.24154165>

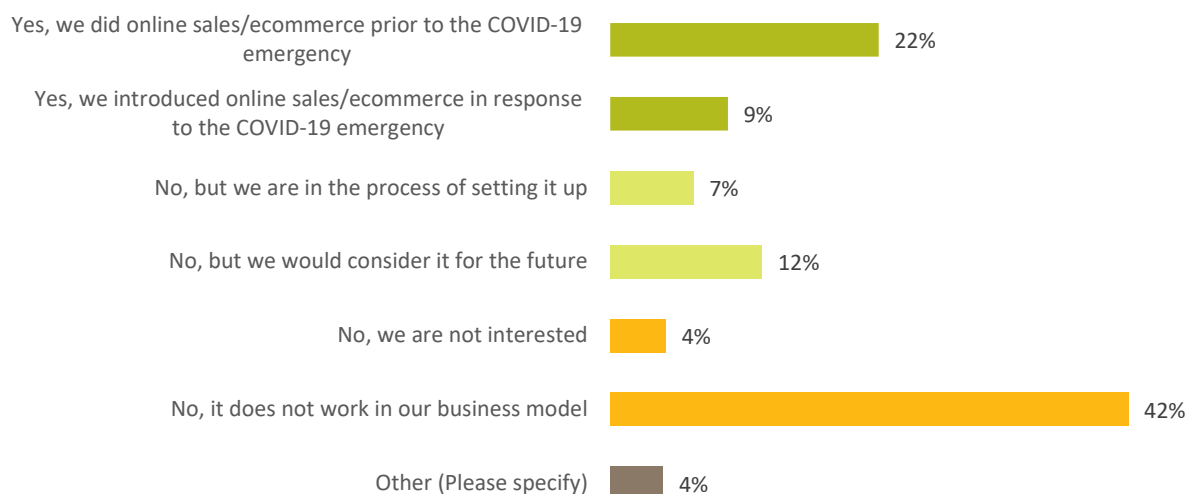
¹⁵ City of Vancouver, Expedited Patio Program, June 1 – October 31, 2020. <https://vancouver.ca/doing-business/expedited-patio-program.aspx>

Helping SMEs adopt digital technologies

Even before the COVID-19 pandemic, customers were increasingly choosing online shopping methods. In fact, Statistics Canada data shows that total spending of Canadian online shoppers reached \$57.4 billion in 2018 compared to just \$18.9 billion in 2012.¹⁶ Independent businesses are at a disadvantage, as many have lagged behind in adopting ecommerce technology. CFIB survey data shows that only 22 per cent of BC business owners did online sales or ecommerce prior to the COVID-19 emergency (see Figure 6).

Figure 6

Is your business currently doing online sales/ecommerce?



Your Business and COVID-19 Survey Number Eleven – May 22 to June 5, 2020. Sample size for BC = 944.

Also, noteworthy is that up to 16 per cent of small businesses are new to ecommerce and a further 12 per cent would be interested in making online sales. As more independent, local businesses shift to the digital world, there is an opportunity for government to help by investing in resources to help facilitate the transition. With that, CIBF makes the following recommendations:

Recommendations

- i. Introduce an online Information Technology Center that offers resources to small businesses to help them get online and adopt new digital technologies. See Ontario's

¹⁶ Statistics Canada, Online Shopping in Canada, 2018. Released December 2, 2019. <https://www150.statcan.gc.ca/n1/pub/89-28-0001/2018001/article/00016-eng.htm>

new Digital Main Street platform¹⁷ in conjunction with the federal government for additional perspective. The Information Technology Center could include:

- a. An online information portal that helps guide business owners to what resources they would need to accomplish their digital goals, and/or make recommendations on how they can adopt more digital technologies;
 - b. A portal that helps partner local IT companies and/or students in the IT field with local businesses to provide expert advice; and
 - c. Funding to help main street small businesses adopt new technologies, facilitated through local BIAs or municipalities. Services could include one-on-one support with personalized advice.
- ii. Modernize regulations to allow businesses to do more online and/or digital sales (e.g. allowing licensed restaurants to deliver liquor products direct to consumer using digital technology, including food delivery applications, or otherwise, as was done temporarily during the pandemic)¹⁸.

Supporting rural economies through resource development

One of the many lessons from COVID-19 is the importance of sourcing from local producers; from Personal Protective Equipment (PPE) to hand sanitizer, small businesses across the province stepped up to support local supply chains. The need for local sourcing is especially relevant in other industries too, to ensure British Columbia is built with sustainable industries to support good paying jobs and promote entrepreneurship.

Ensuring the viability of BC's resource sector will be a key component to recovery in the province. These large employers are important to rural economies, as they are often the anchor for economic growth. When they are healthy and growing, the economic benefits are also felt by small businesses. In fact, the BC Business Council's report on "Which Industries Pay the Bills in Canada" states that for every hour worked in the natural resource sector in 2018, Canada generated \$304 of real income. That is well in excess of utilities (\$183 per hour), real estate (\$135), information and cultural industries (\$99), finance and insurance (\$76) and manufacturing (\$65).¹⁹ With that, CFIB makes the following recommendations:

Recommendations

- i. Review the regulatory environment in the natural resource sector to ensure BC remains a competitive and vibrant province.

¹⁷ Government of Ontario, Ministry of Economic Development, Job Creation and Trad. News Release, "Ontario and Canada Helping Small Businesses Go Digital". June 11, 2020. <https://news.ontario.ca/medg/en/2020/06/ontario-and-canada-helping-small-businesses-go-digital.html>

¹⁸ BC Government, BC Gov News, Attorney General, "Restaurants allowed to use unemployed servers to deliver liquor products", March 22, 2020. <https://news.gov.bc.ca/releases/2020AG0027-000541>.

¹⁹ Business Council of British Columbia, Williams, David. "Which industries pay Canada's bills?", May 25, 2020. <https://bcbc.com/insights-and-opinions/which-industries-pay-canadas-bills>

Conclusion

Before the introduction of Covid-19, the provincial government under the direction of the Minister of Jobs, Trade and Technology, established the Small Business Task Force (the Task Force) to listen to small businesses to better understand what government can do to help strengthen the sector. A report with recommendations was produced, those recommendation now more than ever are key to the success of the sector. We urge the economic recovery task force to review this important document.

The COVID-19 pandemic has changed the way British Columbians do business, and may result in permanent pattern changes. To increase the odds of survival, small businesses will need strong leadership from the provincial government and bold initiatives that show their support. Making it easier to do business through regulatory modernization along with restructuring, delaying, or eliminating taxes for small businesses are important considerations the province must take. Thank you for the opportunity to share the perspective and needs of small businesses in British Columbia through the province's economic recovery phases; CFIB looks forward to working with the province to implement the initiatives outlined in this submission. Should you have any questions, comments or concerns, please do not hesitate to reach out to the BC CFIB team at ms.bc@cfib.ca.