

October 16, 2020

CFIB Business questionnaire response

**1. During better economic times back in 2018, a Small Business Task Force Report was sent to government for action. The recommendations at that time were important to the survival of small business; now, they are critical. Several themes from the Task Force include minimizing the impact of the Employer Health Tax on small businesses, revising the Provincial Sales Tax, and expanding the Province's Regulatory Impact checklist. Will you commit to implementing the short-term recommendations within a year?**

While in government we worked to develop an economic plan that puts people first. By establishing conditions that support mutual success for businesses and citizens, we can increase the standard of living and make life more affordable for all British Columbians. We took action on many of the task force's recommendations related to increasing the awareness of government programs and services that can help small businesses succeed and grow, and to making it easier for entrepreneurs to interact with government and access programs and services.

In its recommendations, the task force highlighted the importance of business development related to easier access to government procurement processes and continued export-market development services. Our new and simplified procurement approach changes the way government buys goods and services, making it easier for small businesses to access opportunities. The Export Navigator program helps first-time exporters prepare for global trade, while our Trade and Investment Offices provide established companies access to markets in China, Japan, South Korea, Southeast Asia, India, the United States and Europe. The task force also made recommendations related to access to labour, including through action on affordable housing, transportation infrastructure, affordable child care and recognition of foreign credentials. Our BC NDP government established a 30-point plan to make housing more affordable and invested more than \$4 billion in transportation infrastructure over the next three years. If re-elected we are also on track to achieving \$10/aDay childcare over the course of our ten year plan.

We welcome the task force's call to support greater Indigenous participation in B.C.'s economy. Key initiatives such as the B.C. Aboriginal Business Loan Program, the Indigenous Skills Training Development Fund and the Indigenous procurement initiative provide programs and services that benefit Indigenous-owned local businesses. We also took important action to help small business by reducing the small business tax rate by 20% and eliminated the provincial sales tax on non-residential electricity.

B.C. is a success story with strong job growth, low unemployment and rising wages. If re-elected a BC NDP government will remain focused on providing the supports and services that small businesses need to help build a sustainable and innovative economy that benefits all British Columbians.

**2. Some provinces are returning to tighter business restrictions due an increase in COVID-19 positive cases. What support, programs, or grants will you offer to small businesses if they are forced to close again?**

Our province has been able to differentiate itself from other provinces across Canada throughout this pandemic due to the emphasis we put on ensuring the safety and security of people since the very beginning. In the first six months of the pandemic, John Horgan and the NDP government launched its COVID-19 Action Plan, investing more than \$8 billion in services and supports that helped people, communities and local businesses. When COVID-19 first struck, we provided:

- More than \$700 million in tax relief by cutting property tax bills by 25% for businesses - this saved an average of \$5,600
- Pro BC Hydro rebates for businesses that had to close - average of \$363
- Allowed restaurants to purchase alcohol at wholesale prices - saving up to 25%
- Strongly advocated to the federal government to improve federal supports like the 75% wage subsidy and business loan programs
- And we followed that up in September with a made-in-BC Economic Recovery Plan that will improve health care, get people back to work, support BC businesses, and strengthen our neighbourhoods and communities.

Now that we have moved into Phase 3 of our restart plan, British Columbians have learned to adapt in order to stay safe. As we begin to recover, people have told us that to move forward, our province can't go back to the way things were under the BC Liberals – where tax cuts for those at the top left everyone else behind. That's why our economic recovery plan is built around people, communities, workers, and our province's small businesses.

If re-elected, a John Horgan and the BC NDP to support small businesses while making sure people can access good, sustainable jobs. We will do this by implementing Stronger BC, our economic recovery plan. This plan will help businesses grow and rehire with a 15% refundable tax credit based on eligible new payroll. Stronger BC also introduces a \$300 million grant program for small- and medium-sized business, protecting 200,000 jobs in the hardest hit industries.

There is still more to do and the BC NDP will keep supporting businesses through the recovery and address the gaps the pandemic has exposed, so we emerge more resilient than before.

**3. Property tax unfairness has been an issue for small business owners for over a decade. For example, in 2018 commercial properties made up just 12.2% of total assessment in BC's 20 largest municipalities but accounted for 29.3% of property tax revenues. [See CFIB Property Tax Report here for more detail.](#) Will you pass legislation which allows Municipal governments to apply a lower, separate tax rate for small businesses hardest hit by large increases to property value derived from speculative development potential (a policy known as Split Assessment)? In addition, will you commit to lower the school tax portion of property taxes for commercial property?**

This is a big challenge for small businesses. The BC Liberals created the problem, they heard concerns for 10 years, and yet they did nothing to fix it. Before the pandemic, we pulled together an interim fix that would have provided immediate relief for the 2020 tax year. It was ready to go and we were talking to a number of municipalities interested in using it. Then COVID-19 changed everything and we pivoted to supporting businesses through the pandemic. We're committed to continuing to work urgently on a permanent fix to address the exactly the challenges you outline to help small businesses.

**4. The latest budget projections are forecasting a \$12.8 billion deficit in the province for 2020-21 fiscal year. Will you commit to developing a plan to lower the deficit, and in what year will your government plan to reach a balanced budget?**

John Horgan and the NDP have shown that you can invest in people and the public services they count on while supporting a strong economy and delivering balanced budgets.

At the beginning of 2020 – after three consecutive balanced budgets – we led the country with the lowest unemployment rate, were among the top in employment growth, had zero operating debt, and maintained our best-in-class credit rating while making historic investments in hospitals and health facilities, highway and transit projects, schools, childcare spaces, and new housing throughout BC. Throughout this period, British Columbia's fiscal position strengthened substantially. Net debt to GDP declined from 17.6% in 2015-16 to 14.6% in 2018 and the debt to revenue picture strengthened. As a result of this sound fiscal stewardship, British Columbia was one of the only provinces in the country on a fiscally sustainable long run path.

Then in March, the COVID-19 pandemic hit, threatening the lives and livelihoods of every British Columbian. Our government responded with one of the most supportive, comprehensive action plans in the country. The unprecedented impacts of the COVID-19 pandemic hit almost all of the province's revenue streams, and the additional expenses for our response measures – including workers benefits, rent supplements, income and disability assistance supports, and economic recovery funding – meant that, compared to Budget 2020, revenue forecasts were lower by \$4.6 billion and expenses were higher by \$7.7 billion. The COVID-19 pandemic caused a provincial operating deficit projection of \$12.8 billion.

Going forward, our fiscal beliefs will not change: People are the economy and the economy is people. Due to the high degree of uncertainty regarding the depth and duration of the economic downturn caused by the pandemic and the path to recovery, it would be unrealistic to make firm projections on revenue streams or growth. We won't kid British Columbians – the deficit is currently \$12.8 billion, and the budget won't be balanced overnight. Our priority right now is helping people and businesses, their lives and livelihoods, through this pandemic. Getting our economy up and running again with a strong stimulus and recovery plan is the most fiscally responsible path we can take to get British Columbia out of the deepest recession in a generation. We will continue to be fiscally responsible, which means ensuring the province is fiscally sustainable over the long run. And that is what our plan for BC is all about – supporting people and businesses to rebuild our economy, health and livelihoods. Over time, when the

economy recovers, and people and businesses are back on their feet, we will get back to balance.

**5. Reducing red tape is a top priority for small business owners. While the regulatory requirements count has allowed BC to continue reducing the overall burden, bold leadership is needed to continue identifying areas for improvement. Will your government commit to extending the Net Zero Increase commitment beyond 2022? In addition, how will your government commit to reducing red tape for small businesses?**

Small businesses are so important for our communities and our economy. Streamlining government services and regulations helps people and businesses save time, reduce costs, create good jobs and grow investment in our province. Well-crafted, up-to-date regulations and policies create efficiencies, encourage innovation and make interaction with government easier. The many service improvements and streamlining measures that the British Columbia government has made to save people time, hassle, and unnecessary costs, earned the province an 'A' grade from the Canadian Federation of Independent Business in 2018.

Should we be re-elected, our government will continue to look for new ways to support small business, especially as we make our way through the COVID-19 pandemic. When we first formed government, we cut the small business tax rate and it's now the second lowest in the country. We also eliminated PST on electricity for businesses to reduce their monthly costs. We've done a lot to help small businesses, but there's more to do. We need to keep going.