



SMALL BUSINESS SPEAKS:

Hearing from B.C. Small Businesses about
How to Help Make their Future Bright

Small Business Task Force
Final Report
October, 2018

A special initiative of:



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THANK YOU TO OUR PARTNERS AND CONTRIBUTORS

We would like to acknowledge and thank the partners who made this engagement possible and the many contributors whose invaluable input helped produce this report.

MORE THAN 1,300 SMALL BUSINESS OWNERS AND ENTREPRENEURS for sharing their challenges, successes and suggestions for strengthening the sector

THE COMMUNITIES of Kelowna, Richmond, Surrey, Nanaimo, Cranbrook, Prince George and Terrace for welcoming and supporting the in-person engagement sessions

THE INDIGENOUS COMMUNITIES of Snuneymuxw First Nation, Kitselas First Nation, Lheidli T'enneh First Nation, Musqueam Indian Band, Ktunaxa Nation, West Bank First Nation, Okanagan Nation Alliance and the Indigenous Perspectives Society for their generosity in hosting us and sharing their knowledge and experiences

THE MANY INDUSTRY ASSOCIATIONS for providing detailed feedback on behalf of their thousands of members across B.C.

DEDICATED SERVICE ORGANIZATIONS for sharing on behalf of their clients and listening to participants' needs in order to better understand and serve them

HONOURABLE BRUCE RALSTON, Minister of Jobs, Trade and Technology for establishing the Small Business Task Force to engage British Columbians

SMALL BUSINESS ROUNDTABLE for providing valuable input, co-facilitating in-person engagement sessions and leveraging awareness of the engagement

SMALL BUSINESS BRANCH STAFF AND THEIR CONSULTANT TEAM FERENCÉ & COMPANY for diligently supporting the Task Force throughout the entire process

GOVERNMENT COMMUNICATIONS AND PUBLIC ENGAGEMENT STAFF for their efforts supporting the online engagement

Transmittal Letter

October, 2018

The Honourable Bruce Ralston
Minister of Jobs, Trade and Technology
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Minister Ralston:

Following your creation of the Small Business Task Force in May 2018, we have embraced our mandate to listen to stakeholders from all sectors and regions to better understand the challenges small businesses face and learn how government can support their innovation, growth and success. As small business owners ourselves, we are passionate about informing government policies, programs and services to ensure they reflect the unique strengths and challenges of the sector and contribute to a strong, sustainable economy.

British Columbia's 493,100 small businesses are the backbone of our communities, employing over one million people, providing goods and services that touch all aspects of our lives and supporting the local charities, community programs and events that make B.C. a vibrant place to live.

Small businesses also play a vital role in addressing the provincial government's priority of a "strong, sustainable economy" given that they represent 98% of all businesses in B.C. Small businesses also contribute to about one-third of provincial gross domestic product (GDP) and generate 43% of goods exports. Given the important role of small businesses in supporting the jobs, economy and services that British Columbians count on, it is imperative that we do everything we can to support the growth and success of the sector.

The Task Force has identified six key priority areas for action with detailed recommendations for how the Province can directly respond to small business needs and help the sector to not only survive but thrive.

The Task Force recognizes that in your capacity as Minister of Jobs, Trade and Technology, you may not possess the authority to make all of the suggested changes. However, we ask you to work with your Cabinet colleagues to convey the urgency of these issues, assess the recommendations and make an implementation plan to address all or some of these changes. The Task Force also recognizes these changes will not happen overnight.

To facilitate ongoing progress, the recommendations have been highlighted as short (0-1 years), medium (1-4 years) and long term (4+ years) actions in terms of their expected implementation start date, recognizing that they may take longer to complete.

In closing, we would like to thank you, Minister Ralston, for your willingness to seek out, foster and advance the ideas put forward by British Columbians. We look forward to continuing to engage with small business owners to better understand the issues they face and advise government on strategies to enhance small business growth and success through the ongoing efforts of the Small Business Roundtable.

Yours sincerely,



A handwritten signature in black ink, appearing to read "Michael Hwang".

Michael Hwang

Small Business Task Force Chair
Small Business Roundtable Member



A handwritten signature in black ink, appearing to read "Cybele Negris".

Cybele Negris

Small Business Task Force Member
Small Business Roundtable Vice-Chair



A handwritten signature in black ink, appearing to read "Shahraz Kassam".

Shahraz Kassam

Small Business Task Force Member
Small Business Roundtable Member

Executive Summary

Background

In May 2018, Honourable Bruce Ralston, Minister of Jobs, Trade and Technology, struck the Small Business Task Force as a special initiative of B.C.'s Small Business Roundtable. The purpose of the Task Force was to hear directly from small businesses about what specific actions government can take to help them grow and succeed.

The Minister appointed us based on our diverse expertise and experience as small business owners in different sectors and our involvement supporting other businesses in the community. With support from Small Business Branch staff and consultant facilitators, between June 1 and August 7, 2018 we reached out to small businesses and stakeholders through an online questionnaire, email submissions, ten in-person engagement sessions held in seven communities across the province, three of which focused on Indigenous-led businesses, and an online paper summarizing the feedback received. In total, we heard from more than 1,300 small businesses and stakeholders representing over 90 industries across all regions of the province.

B.C.'s 493,100 small businesses play a vital role in supporting the jobs, economy and services that British Columbians count on. They employ over one million people, provide goods and services we need and support local community charities, programs and events. Given the importance of small businesses in the province, it is critical we support the growth and success of the sector.

Though most of our discussion topics focused on challenges and solutions, there was positive feedback from small businesses on a number of actions the provincial government is taking to address their concerns and the challenges they face. For example, small business owners support the efforts undertaken to reduce the Small Business Tax Rate by 20% and Provincial Sales Tax (PST) exemptions for small business on electricity purchases. They also appreciate the government's investments in transportation, housing and child care as steps to help reduce the cost of living and help them to attract workers. Some small business owners recognized the importance of the Provincial Nominee Program in helping them to address their labour needs. There was also positive feedback about existing small business service delivery mechanisms such as the BizPaL program, the Mobile Business Licence Program and the One Stop Business Registry.

However, we also heard that many of B.C.'s small businesses are struggling as they face what they term a "death by a thousand cuts" from the cumulative impact of tax and regulation changes (federal, provincial and municipal), minimum wage increases and soaring property costs in some regions. Businesses in northern and rural and remote regions are hit harder by some taxes and costs due to the more challenging climate and geography. When all these costs are considered, several small business owners conveyed they do not even make minimum wage themselves.

Many small business owners are frustrated and often believe their voices are not heard by policy makers. They believe their views are not being considered in policy or regulatory changes that impact their bottom line and they are not given enough time to adjust to these policy changes. Businesses need consistency and predictability, and uncertainty makes it hard for them to manage their costs and can scare off potential customers or investors. Multiple layers of federal, provincial and municipal taxation, fees and regulation can further drive up costs and make it harder for small businesses to succeed. Despite these challenges, many businesses also see opportunities to expand and feel a strong connection to our province. Time and again, they told us the best way government can help is to "make things simple and get out of the way."

Labour and skills shortages and the high cost of living are keeping small businesses across the province from meeting the demand for their goods and services. Small businesses in B.C. are struggling to attract and retain workers due to the low unemployment rate, aging workforce and shrinking labour pool, making it difficult to compete with larger businesses and other regions for talent.

While several services and supports exist to help businesses build their capacity and attract workers, many business owners are unaware of these supports or experience challenges accessing them. Participants who had used services acknowledged the value of the support they received from frontline provincial staff and partner service organizations such as Small Business BC, Women’s Enterprise Centre and Community Futures and suggested these partnerships could be further explored to increase awareness and access to services to support small business growth and success.

Participants also emphasized the importance of supporting more meaningful job and business opportunities for Indigenous people. In particular, many said there is a need to build cultural and economic connections between Indigenous and non-Indigenous communities, businesses, workers and investors and develop an action plan for implementing the recommendations in the *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)* and the *Truth and Reconciliation Commission of Canada: Calls to Action* as they relate to the small business sector. A first step is ensuring Indigenous perspectives are considered in the development of policies impacting small businesses.

The Task Force has identified six key priority areas for action with detailed recommendations for how the Province can directly respond to small business needs. Though we note some recommended actions are already under way, our findings serve to strengthen their relevance.

We respectfully request Minister Ralston provide a public response on which particular recommendations have been accepted by government, including a detailed rationale and an associated action plan with the proposed short term (0-1 years), medium term (1-4 years) and long term (4+ years) timeline for implementation. While the Task Force will be dissolved following the submission of this report, we will continue to engage with and advocate on behalf of B.C.’s small businesses through the Small Business Roundtable.

Recommendations

As a result of the public engagement with small businesses, this report identifies six priority areas with associated recommendations. Each recommendation includes an estimated short term (0-1 years), medium term (1-4 years) or long term (4+ years) timeframe in which the recommendation could begin to be implemented.



Priority 1: Reduce costs of doing business to maintain and strengthen economic growth and competitiveness

1.1 Review the Employer Health Tax (EHT) to minimize its impact on small businesses.

- 1.1.1 Revisit the Medical Services Plan (MSP) Task Force recommendations to consider a combination of measures to address those impacts, such as increasing the payroll exemption threshold, exempting employers from paying EHT for youth under 19 years of age covered under their parents’ MSP and removing the MSP/EHT overlap in 2019 so that proactive companies are not also charged the EHT (short term);

- 1.1.2 Conduct additional financial modelling and stakeholder analysis of the EHT to determine the extent of potential unintended consequences on small businesses (short to medium term);
 - 1.1.3 Develop and implement strategies to mitigate the unintended consequences of the EHT on small businesses (medium term); and
 - 1.1.4 Ensure a small business lens is formally applied to all future proposed business tax policy changes through a formalized small business engagement process, financial and stakeholder impact analysis and transparent reporting of the results and rationale (long term).
- 1.2 Revise the Provincial Sales Tax (PST) to reduce the paperwork burden and enhance the competitiveness of B.C. small businesses.**
- 1.2.1 Introduce a made-in-B.C. Value-Added Tax (VAT) to simplify paperwork and minimize complex tax exemption rules (long term).
- If recommendation is not endorsed:
- 1.2.2 Introduce PST exemptions or tax credits on business inputs to increase the competitiveness of B.C. businesses (medium term);
 - 1.2.3 Streamline and simplify PST exemptions to make them more easily understood, leading to lower bookkeeping costs and fewer unintentional exemption violations and penalties (medium term);
 - 1.2.4 Align the monthly PST remittance schedule with the quarterly Goods and Services Tax (GST) schedule to reduce the paperwork burden and bookkeeping costs (medium term); and
 - 1.2.5 Introduce PST exemptions for in-kind charitable donations (medium term).
- 1.3 Lessen the impact of the minimum wage increases on small businesses.**
- 1.3.1 Introduce a lower minimum training wage to offset the high costs of training and lower productivity of those just entering the workforce or implement a training tax credit for inexperienced new hires (medium term); and
 - 1.3.2 Ensure future minimum wage increases are predictable and tied to the Consumer Price Index or other economic indicators for British Columbia to accommodate inflation, as recommended by the Fair Wages Commission (long term).
- 1.4 Lessen the impact of high commercial property costs.**
- 1.4.1 Establish a Task Force to review the *Commercial Tenancy Act* with a view to modernize it, provide reasonable protections for small businesses and establish an efficient dispute resolution process (short term);
 - 1.4.2 Reduce the Property Transfer Tax rate to support small business succession (medium term);
 - 1.4.3 Collaborate with municipal governments to examine alternative commercial tax policy structures to reduce the burden on small businesses and examine the benefits of revising BC Assessment Practices and the Commercial to Residential Property Tax ratio (long term); and
 - 1.4.4 Encourage developers and municipalities to build smaller commercial strata units that are affordable for small businesses (long term).

- 1.5 Examine opportunities to offset the disproportionate impact of taxes on small businesses in northern and rural and remote B.C. communities.**
 - 1.5.1 Raise the lowest threshold of the Luxury Vehicle Tax (currently \$55,000) to exclude standard pickup trucks and work vehicles (medium term); and
 - 1.5.2 Provide Carbon Tax rebates for small businesses in northern and rural and remote communities with no viable alternatives to reduce fossil fuel usage (long term).
- 1.6 Provide rebates for the 2017 WorkSafeBC surplus and ensure future rates are fairly priced.**
 - 1.6.1 Work with WorkSafeBC to provide businesses with rebates to reduce the \$6.4 billion (142%) surplus from 2017 (short term); and
 - 1.6.2 Set fair WorkSafeBC rates in order to maintain a maximum funding ratio of 110% of assets to liabilities to ensure sound management of employer finances (medium term).



Priority 2: More extensive engagement with and consideration of small businesses by government

- 2.1 Engage with the small business sector on changes to legislation, regulations and policies, assess the combined and unintended impacts and publicly share the results.**
 - 2.1.1 Institute a formalized process in which the Small Business Roundtable, small businesses and relevant stakeholders are regularly engaged to ensure continued feedback on the potential impact of proposed changes to provincial policies, legislation or regulations (short term);
 - 2.1.2 Design a framework to assess the combined impact of costs and benefits to small businesses and relevant stakeholders of proposed changes when developing or amending provincial policies and legislation (short term);
 - 2.1.3 Recommend that "Small Business" is explicitly included in a future Ministry name and mandate, to formalize the small business lens in processes, operations and new policies impacting the sector across all relevant ministries (short to medium term);
 - 2.1.4 Reinstate businesses' right to vote in municipal elections to ensure greater representation, consultation and consideration at the municipal level (short to medium term); and
 - 2.1.5 Develop a policy to work with the Small Business Roundtable to publicly share the results of relevant engagement and economic modeling of proposed changes that may impact the sector, where not prevented by Cabinet confidence (medium term).
- 2.2 Provide advance notice of planned policy changes and introduce changes in increments so businesses can adequately plan and spread the cost over several years.**
 - 2.2.1 Provide reasonable advance notice and informational supports about changes to provincial policies and legislation to help them prepare for and accommodate significant changes which may increase their operational costs (medium term); and

- 2.2.2 Introduce changes in increments so businesses can adequately plan and spread the increased cost and paperwork burden of proposed changes over several years (medium to long term).

2.3 Maintain the Province’s commitment to avoiding excessive regulations for small businesses.

- 2.3.1 Extend or permanently formalize the Province’s Net Zero Regulation Requirement past its current expiry date of 2019 (short term);
- 2.3.2 Continue to build capacity within the public service to use the Regulatory Impact checklist, through additional training and development of tools to consider the impacts of policy, legislation and regulations on the small business sector (short term); and
- 2.3.3 In collaboration with the Small Business Roundtable, conduct reviews of all provincial government agencies with particularly high bottlenecks, process and paperwork burdens for small businesses (medium term).



Priority 3: Increased access to labour and skilled workers to meet job demand

3.1. Support worker attraction and retention by continuing to increase affordability for British Columbians.

- 3.1.1 Address the unintended consequences of the *Speculation and Vacancy Tax* on housing supply and prices in the affected markets so supply can continue to grow, ensuring employees have access to a diversity of housing options (short term);
- 3.1.2 Fast track the adoption of ride hailing services such as Uber and Lyft to help employers attract and retain employees who commute, especially outside of regular public transit hours, by broadening the transportation services available (short term);
- 3.1.3 Continue to invest in transportation infrastructure (long term); and
- 3.1.4 Keep housing affordability a key priority for the Province, for example, by collaborating with municipal governments to identify best practices to support increased supply of housing (e.g., through density zoning, bylaws and incentive programs) (long term).

3.2. Increase access to workers outside B.C. to address critical labour and skills shortages.

- 3.2.1 Continue to lobby the federal government to increase access to the Temporary Foreign Worker Program and increase employer flexibility, including extending work terms where possible, to address critical shortages in B.C.'s workforce, particularly in the tourism and hospitality sectors and in northern and rural and remote communities (short term);
- 3.2.2 Prioritize streamlining the foreign credential recognition process (short term); and
- 3.2.3 Streamline the Provincial Nominee Program (PNP) application process for small business, increase the number of nominations granted, reduce the application fees and extend the work term for occupations facing critical shortages (medium term).

3.3. Continue to align B.C.’s secondary and post-secondary educational system with labour and skills needs.

- 3.3.1 Expand promotion of high-demand occupations and career path options to secondary-school aged youth and their parents (short term);

- 3.3.2 Encourage post-secondary institutions to develop partnerships with industry to ensure programs align with industry skills training needs and include work experience components (short term);
- 3.3.3 Examine the possibility of targeting scholarships or grants to encourage enrolment in occupations facing severe shortages (short term); and
- 3.3.4 Expand existing dual credit programs between secondary and post-secondary schools to include high-demand non-trade occupations (long term).

3.4. Continue to align provincial employment and skills training programs for underemployed and unemployed British Columbians with labour and skills needs.

- 3.4.1 Continue to prioritize funding for Workforce Development Agreement and Labour Market Development Agreement skills training programs to sectors and occupations facing labour and skills shortages (short term);
- 3.4.2 Continue to provide job-readiness supports and training, mentorship and post-placement follow-up to support the labour market participation of individuals with barriers to employment (short term);
- 3.4.3 Create a tax credit for employers who hire and train individuals under-represented in the workforce and/or with barriers to employment (medium term); and
- 3.4.4 Encourage Workforce Development Agreement and Labour Market Development Agreement service providers to engage employers in the design and delivery of employment and skills training programs (medium to long term).



Priority 4: More promotion and awareness of programs, services and supports for small businesses

4.1. Develop a proactive communications strategy to increase awareness among small businesses and entrepreneurs of the wide variety of programs, services and resources available to support the sector.

- 4.1.1 Develop partnerships with service organizations, including those focused on newcomers, Chambers of Commerce, Boards of Trade and municipal governments to regularly share updated information on available programs, services and resources and facilitate distribution to small businesses and entrepreneurs (short term); and
- 4.1.2 Fund an awareness campaign of the programs and services available to small businesses and entrepreneurs (medium term).

4.2. Integrate information about provincial and federal small business programs in a single online portal.

- 4.2.1 Develop a single online portal with information on all provincial and federal programs for small business with filtering functionality (medium term).



Priority 5: More accessible, effective and reliable government programs, services and supports

5.1. Eliminate barriers that prevent small businesses from accessing provincial grant and wage subsidy programs and procurement processes.

- 5.1.1 Continue to revise provincial procurement processes to eliminate barriers to access for small businesses (short term); and
- 5.1.2 Conduct a full review of provincial training grant and wage subsidy programs' eligibility criteria, funding cycles, plain language wording of application forms, intake processes, reimbursement processes and timelines to identify and address barriers to small businesses. Consider a specific funding allocation stream for small businesses (medium term).

5.2. Improve the availability of business skills training, capacity building and mentorship supports across all regions.

- 5.2.1 Task the Small Business Roundtable to work with key partners to consult with youth entrepreneurs on how to enhance accessibility of entrepreneurship training to youth (short term);
- 5.2.2 Expand small business service delivery across all regions, particularly northern, rural and remote, either by increasing the number of Small Business BC storefronts or developing formal partnerships with service providers such as Community Futures, industry organizations and other levels of government to share and leverage existing programs, services and resources, particularly those aimed at newcomers, youth entrepreneurs, women, Indigenous people and persons with disabilities (medium term);
- 5.2.3 Enhance small business export and trade services such as supporting regional or provincial trade summits and formalizing and expanding the Export Navigator pilot into a permanent program (medium term);
- 5.2.4 Incorporate financial and business skills in B.C.'s elementary and secondary school curricula to ensure all graduating students have basic entrepreneurship knowledge and skills (medium term); and
- 5.2.5 Continue to provide support for improvements to internet connectivity in rural and remote areas and Indigenous communities in B.C. (medium term).

5.3. Improve the accessibility, timeliness and reliability of provincial government information and support.

- 5.3.1 Review government websites relevant to small businesses to ensure the information is in plain language, an easily readable and searchable format, and that information and forms are available in HTML or a similar format that can be copied into a translation software program (short term);
- 5.3.2 Adopt service standards for follow-up timelines and include them in public program monitoring and reporting (medium term);
- 5.3.3 Incorporate call-back, email and chat functions on all public provincial government websites (long term); and

5.3.4 Provide standardized customer service training to frontline service staff to increase awareness of programs and services and understanding of regional differences and small business perspectives to ensure more appropriate, accurate and reliable information and advice (long term).

5.4. Work with the Union of BC Municipalities and interested municipal governments to scope opportunities to improve the timeliness of permitting and licencing processes.

5.4.1 Continue to promote the Mobile Business Licence Program to encourage further expansion to additional regions and sectors (medium term);

5.4.2 Work with the Union of BC Municipalities and interested municipalities to support the implementation of online municipal permit and licence applications (medium to long term);

5.4.3 Encourage municipalities to improve and track the timeliness and efficiency of permitting processes, streamline the number of business licence categories and eliminate business licence fees (long term); and

5.4.4 Develop a one stop shop for applying for all provincial and municipal licences (long term).



Priority 6: Support for greater Indigenous participation in B.C.'s economy

6.1. Ensure Indigenous perspectives and experiences are included and considered in the development of policies, programs and services impacting small businesses.

6.1.1 Develop an action plan to ensure Indigenous entrepreneurship and business needs are considered in policy and program development, as part of the government's adoption of the *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)* and the *Truth and Reconciliation Commission of Canada: Calls to Action* (short term); and

6.1.2 Ensure Indigenous people are represented on the Small Business Roundtable and are included in business sector engagement initiatives (short term).

6.2. Continue to support capacity building and economic development of Indigenous communities.

6.2.1 Continue to support culturally appropriate education and skills training programs for Indigenous people (short term);

6.2.2 Continue to revise B.C. government procurement policies to reduce barriers to access for Indigenous businesses (medium term);

6.2.3 Support capacity building efforts to assist Indigenous businesses to become ready or pre-qualified to supply major projects, including proposed LNG projects (medium term); and

6.2.4 Support business to business or community to community mentorship to share lessons learned and best practices in economic development, human resources development and capacity building (long term).

6.3. Facilitate culturally appropriate and mutually beneficial communications and connections between non-Indigenous and Indigenous communities and businesses.

- 6.3.1 Promote awareness and seek expanded use of the Aboriginal Business Match program among Indigenous and non-Indigenous businesses (short term);
- 6.3.2 Collaborate with the Indigenous Business and Investment Council to explore opportunities to engage with the Indigenous business community (short term);
- 6.3.3 Working with Indigenous leaders, develop and promote cultural competency and protocol training for non-Indigenous businesses looking to engage Indigenous communities (medium term);
- 6.3.4 Encourage non-Indigenous businesses to develop an Indigenous procurement strategy or policy (medium term); and
- 6.3.5 Engage with Indigenous communities on the development of an investment matching portal or telephone directory to connect Indigenous communities and businesses with interested investors and businesses (long term).

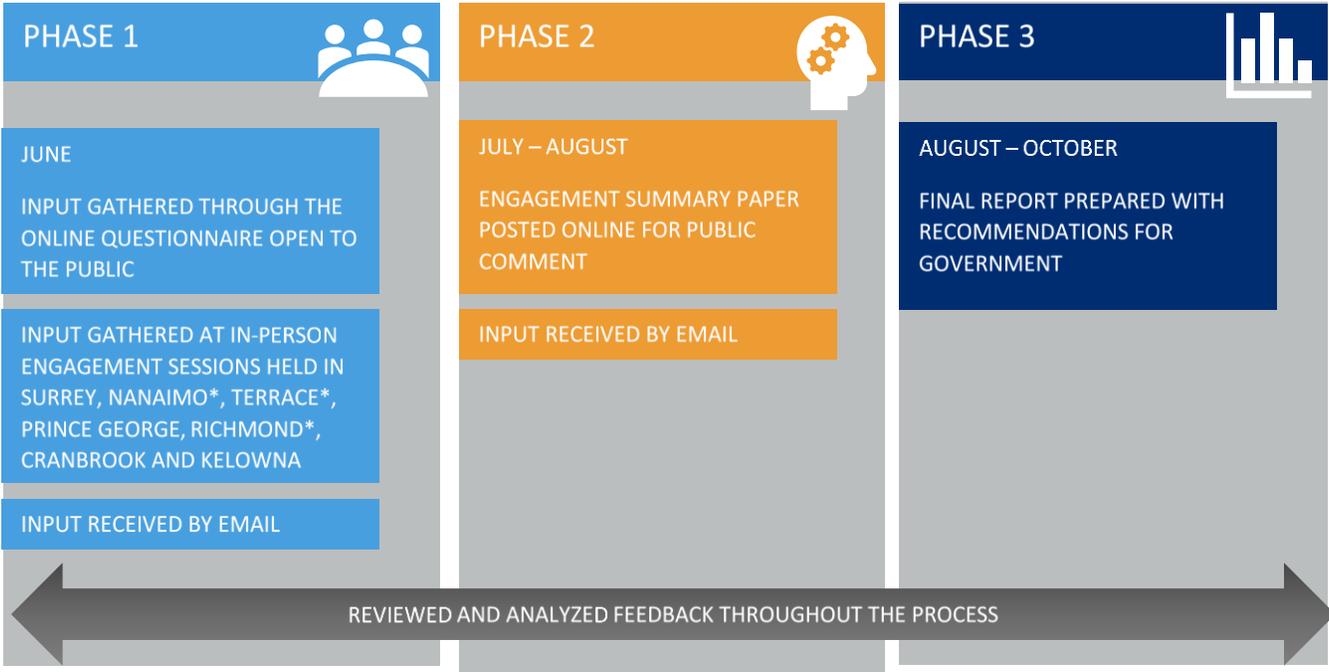
Introduction

In May 2018, Honourable Bruce Ralston, Minister of Jobs, Trade and Technology, struck the Small Business Task Force as a special initiative of [B.C.'s Small Business Roundtable](#), which was established in 2005. The purpose of the Task Force was to hear directly from small businesses about what specific actions government can take to help them grow and succeed.

The Terms of Reference (see Appendix 1) defined the scope of the Task Force as building on issues brought forward by Roundtable members, stakeholders and past engagements through a combination of online and in-person feedback processes.

Approach and Timeline

With support from ministry staff and consultants, between June 1 and August 7, 2018 the Task Force sought input through an online questionnaire, email submissions, ten in-person engagement sessions held in seven communities across the province, three of which focused on Indigenous-led business* and an online paper summarizing the feedback received.



As part of the engagement process, the Task Force undertook the following activities:

	Conducted a literature review of Small Business Roundtable annual reports, past engagement reports, news articles, association and industry reports and government documents and websites to identify issues impacting B.C. small businesses and existing programs, services and policies designed to address them.
	Developed and made available a discussion paper that highlighted key challenges identified in the literature to help participants delve deeper into both emerging and long-standing issues and identify concrete, actionable recommendations to government.
	Developed an online questionnaire to ask participants about the key challenges to success, opportunities for growth and possible actions for government to enhance support for the sector. The questionnaire was publicly available on the B.C. Government engagement website between June 1 and 29, 2018 and received 1,069 responses. (see Appendix 2 for a detailed summary of the responses).
	Held 10 in-person engagement meetings with small businesses, entrepreneurs, Indigenous stakeholders and other organizations in seven communities across B.C. (see Appendix 3 for more information).
	Consolidated and summarized all feedback obtained during Phase 1 in an online engagement summary paper which was made available for additional public comment.
	Analyzed all feedback obtained during Phase 1 and 2 of the engagement and prepared this final report.

Engagement Reach

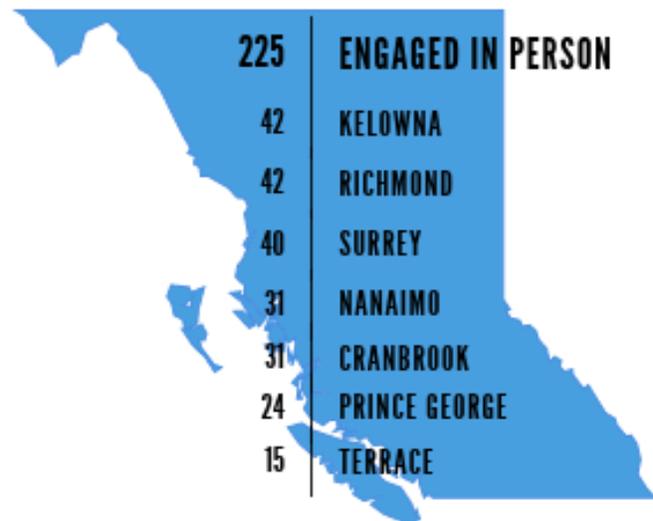
In total, 1,069 individuals responded to the online questionnaire, 225 small businesses and stakeholders participated in the in-person engagement sessions, 10 written submissions were received from associations and Chambers of Commerce representing over 36,000 members and 24 responses were provided to the online paper summarizing the feedback received during Phase 1.



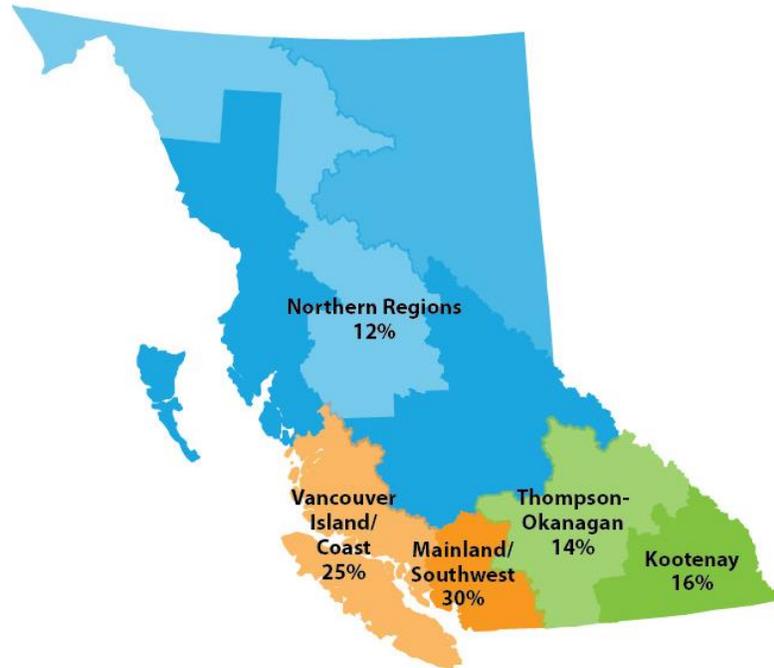
225
ENGAGED IN PERSON IN 7
COMMUNITIES

1,093
ENGAGED ONLINE

36,000+
REPRESENTED BY
ASSOCIATION AND
CHAMBER SUBMISSIONS



Online Questionnaire Responses by Region (N=1,042)



Membership

The Minister appointed us as the three Task Force members to lead the process based on our diverse expertise and experience as small business owners in different sectors and our involvement supporting other businesses in the community:



MICHAEL HWANG, CHAIR
Founder and Principal Lawyer,
Amicus Lawyers
Small Business Roundtable Member



SHAHRAZ KASSAM, MEMBER
Owner, Shamin Diamonds
Franchisor, BeaDazzle Fashion Jewellery
Small Business Roundtable Member



CYBELE NEGRIS, MEMBER
CEO & Co-Founder,
Webnames.ca Inc.
Small Business Roundtable Vice-Chair

Key Findings and Recommendations

The following section outlines the key findings and recommendations from the Small Business Task Force. The first section provides a brief overview of what we heard in terms of government services and priorities that are working. The next section provides more in-depth findings related to the key themes that emerged as areas of improvement, building on the progress that is being made. The Task Force has identified six key priority areas for action with detailed recommendations as reported by the small business sector during the engagement. The estimated timing of implementation start date in terms of short term (0-1 years), medium term (1-4 years) and long term (4+ years) is provided after each recommendation.

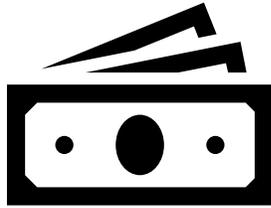
Government Services and Priorities that are Working

Though most of our discussion topics focused on challenges and solutions, we received positive feedback from small businesses on a number of ways the provincial government is working to address their concerns and the challenges they face. Some highlights included that participants:

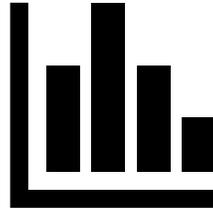
- ✓ Appreciated the government's investments in transportation, housing and child care as steps in helping to reduce the cost of living and help them to attract workers;
- ✓ Supported efforts that have already been undertaken to reduce the costs they face such as the reduction of the Small Business Tax Rate by 20% and Provincial Sales Tax (PST) exemptions for small businesses on electricity purchases and Recycle BC;
- ✓ Acknowledged the provincial government's commitment to implement the *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)*, the *Truth and Reconciliation Commission of Canada: Calls to Action* and other Indigenous policy frameworks and that these frameworks can strengthen the involvement of Indigenous people in the economy;
- ✓ Recognized the importance of the the Provincial Nominee Program in helping small businesses to address their labour needs;
- ✓ Spoke positively about existing small business service delivery mechanisms such as BizPaL, Mobile Business Licence and One Stop Business Registry;
- ✓ Had positive experiences with post-secondary dual credit and apprenticeship programs for trades;
- ✓ Valued the in-person support they received from frontline provincial staff and partner service organizations such as Small Business BC, Women's Enterprise Centre and Community Futures;
- ✓ Appreciated the startup, technology and research and development financing and mentorship support they received to get their business off the ground; and
- ✓ Were thankful to attend the engagement sessions to provide feedback, particularly the general and Indigenous sessions Minister Ralston attended in Richmond.

It should be recognized that while the recommendations identified in this report are extensive, many represent a continuation or expansion of initiatives already under way.

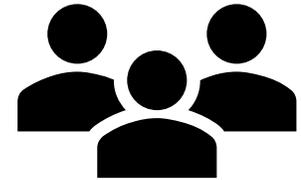
6 Priority Areas for Government Action



1. REDUCE COSTS OF DOING BUSINESS TO MAINTAIN AND STRENGTHEN ECONOMIC GROWTH AND COMPETITIVENESS



2. MORE EXTENSIVE ENGAGEMENT WITH AND CONSIDERATION OF SMALL BUSINESSES BY GOVERNMENT



3. INCREASED ACCESS TO LABOUR AND SKILLED WORKERS TO MEET JOB DEMAND



4. MORE PROMOTION AND AWARENESS OF PROGRAMS, SERVICES AND SUPPORTS FOR SMALL BUSINESSES



5. MORE ACCESSIBLE, EFFECTIVE AND RELIABLE GOVERNMENT PROGRAMS, SERVICES AND SUPPORTS



6. SUPPORT FOR GREATER INDIGENOUS PARTICIPATION IN B.C.'S ECONOMY



PRIORITY 1: REDUCE COSTS OF DOING BUSINESS TO MAINTAIN AND STRENGTHEN ECONOMIC GROWTH AND COMPETITIVENESS

How does it align with current B.C. Government priorities?

- ✓ Building a strong, sustainable economy that works for everyone, not just the wealthy and well-connected, by supporting small businesses.
- ✓ Building on achievements from working with the Ministry of Finance to cut the small business tax rate by exploring other ways to cut costs.
- ✓ Ensuring rural, remote and northern communities are part of B.C.'s bright economic future by recognizing the different costs small businesses in these communities face.

Issue: The cumulative burden of several cost increases, particularly taxation costs, is limiting the growth and success of many B.C. small businesses.

The online questionnaire found that many small business owners are hopeful about the future and growth-oriented. Most questionnaire respondents indicated that their business is performing well and that they have a positive outlook for the future. Half of respondents (51%) agreed their business is currently performing well. About two-thirds (63%) of respondents expect their business will perform well in the next three to five years. Micro businesses with fewer than five employees were particularly optimistic about their future business performance compared to small businesses with 20 to 50 employees.

 51%

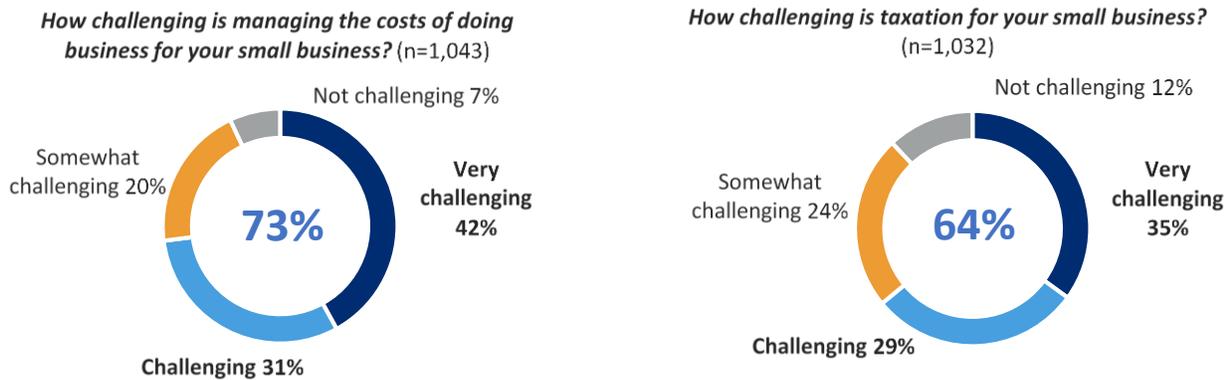
of respondents agreed their business is currently performing well

 63%

of respondents expect their business will perform well in the next 3-5 years

However, managing the current costs of doing business was said to be challenging or very challenging for almost three-quarters of owners (73%) and is seen as a significant barrier to growth. Multiple layers of taxation is considered to be the greatest challenge, with 64% of business owners finding it challenging or very challenging to manage the current tax burden (Figure 1). Older, larger businesses and businesses in the Thompson/Okanagan region tended to view the cost of doing business and taxation as particularly challenging.

Figure 1. Challenges managing business costs and the current tax burden



Reducing the small business tax burden was most frequently identified as the area where the government should place the highest priority to enhance the innovation, success and growth of B.C.'s small business sector (85% selected 4 or 5 out of 5, where 5 is a high priority). Respondents elaborated that the government should do this by reducing the number of taxes and fees paid by small businesses, although it is recognized that some of these fees are federal or local government fees. Businesses in regions across B.C. echoed this recommendation.



85% of respondents said reducing the small business tax burden should be a priority

Findings and recommendations related to specific taxes, fees and regulations mentioned most frequently during the engagement process are outlined in the sections below.

Issue: The emerging Employer Health Tax will lead to significant increases in labour costs for some small businesses and may result in the elimination of employee benefits, reduced hours and hiring and even layoffs.

Small businesses and stakeholders identified the significant new cost associated with the Employer Health Tax (EHT), rolling out in January 2019, will be the most challenging increase in the cost of doing business. Owners and stakeholders told us that the EHT “taxes jobs” and as a result they worry the payroll tax will lead to job losses, hiring freezes and cuts to or the elimination of employee benefit packages, bonus structures and stock options as some employers try to avoid triggering the threshold. Another byproduct of taxing jobs is that pre-revenue high-growth B.C. technology businesses with high salaries risk having their runway shortened and going out of business based on their financing, budget and growth plans due to the added costs from EHT.

“Putting the cost for MSP revenues entirely on businesses is unfair. We aren’t all rich. Some small business owners don’t even make the minimum wage themselves.”

- Surrey business owner

Owners and stakeholders consider the planned EHT/Medical Services Plan (MSP) overlap for the 13-month period during the phased removal of MSP premiums and implementation of the EHT as unfair. This overlap is seen as punitive to proactive small businesses voluntarily contributing to their workers’ health care premiums.

Following our engagement, the Ministry of Finance announced in July 2018 it would create a \$1.5 million base payroll exemption for charities and non-profit organizations. The following tax rates will apply to businesses under the legislation:

- Employers with a B.C. payroll of \$500,000 or less will not pay EHT;
- Employers with a B.C. payroll between \$500,000.01 and \$1.5 million will pay a reduced rate (the effective rate on their total payroll will always be less than 1.95%); and
- Employers with a B.C. payroll greater than \$1.5 million will pay 1.95% on their total payroll.

While these changes will help, we heard many other ways the government should take action to keep this tax from hurting small businesses, their employees and other British Columbians looking for work. When asked what the Province can do to help make it easier to succeed as a small business in B.C., some online questionnaire respondents (12%) indicated the Province should revise the EHT (i.e., eliminate the EHT or use multiple sources to pay for MSP premiums).

Recommendation 1.1: Review the Employer Health Tax (EHT) to minimize its impact on small businesses.

We recommend government:

- 1.1.1 Revisit the Medical Services Plan (MSP) Task Force recommendations to consider a combination of measures to address those impacts, such as increasing the payroll exemption threshold, exempting employers from paying EHT for youth under 19 years of age covered under their parents' MSP and removing the MSP/EHT overlap in 2019 so that proactive companies are not also charged the EHT (short term);
- 1.1.2 Conduct additional financial modelling and stakeholder analysis of the EHT to determine the extent of potential unintended consequences on small businesses (short to medium term);
- 1.1.3 Develop and implement strategies to mitigate the unintended consequences of the EHT on small businesses (medium term); and
- 1.1.4 Ensure a small business lens is formally applied to all future proposed business tax policy changes through a formalized small business engagement process, financial and stakeholder impact analysis and transparent reporting of the results and rationale (long term).



Issue: Complicated Provincial Sales Tax exemption rules and a lack of harmonization with Goods and Services Tax contribute to increased paperwork and costs and reduce the competitiveness of B.C.'s small businesses.

“The complexity of the PST exemptions drives up our accounting costs and makes it difficult to comply. HST was more efficient and made B.C. businesses more competitive.”

- *Cranbrook business owner*

“PST exemptions are so complicated and include some business inputs and not others. B.C. should reinstate HST or exempt all business inputs.”

- *Richmond business owner*

According to small business owners and stakeholders, the complicated design of the Provincial Sales Tax (PST) exemption rules contribute to high bookkeeping costs, as businesses without dedicated accounting staff must source professional services to ensure the exemptions are understood correctly and their business complies. Several business owners described situations where they had difficulty understanding and interpreting the exemptions rules and were unable to obtain clear and timely guidance from government, resulting in unintentional violations and penalties.

The lack of harmonization with the Goods and Services Tax (GST) also increases the reporting burden and makes B.C. businesses less competitive than those in other provinces with harmonization.

Suggestions in the online questionnaire offered a variety of possible solutions to address challenges with PST. The most frequently mentioned solutions to address taxation costs included small business tax adjustments (57%), a tax credit for investment in machinery or capital improvements (17%) and tax remittance improvements (8%). A few respondents also suggested to make it easier for small businesses in B.C., the Province should revise the PST (i.e., reintroduce the Harmonized Sales Tax or introduce a new Value Added Tax and simplify PST administration) (6%). Businesses in Northern B.C.¹ and the Mainland/Southwest regions were more likely to recommend revising the PST.

Recommendation 1.2: Revise the Provincial Sales Tax (PST) to reduce the paperwork burden and enhance the competitiveness of B.C. small businesses.

We recommend government:

1.2.1 Introduce a made-in-B.C. Value-Added Tax (VAT) to simplify paperwork and minimize complex tax exemption rules (long term).

If recommendation is not endorsed:

1.2.2 Introduce PST exemptions or tax credits on business inputs to increase the competitiveness of B.C. businesses (medium term);

1.2.3 Streamline and simplify PST exemptions to make them more easily understood, leading to lower bookkeeping costs and fewer unintentional exemption violations and penalties (medium term);

1.2.4 Align the monthly PST remittance schedule with the quarterly Goods and Services Tax (GST) schedule to reduce the paperwork burden and bookkeeping costs (medium term); and

1.2.5 Introduce PST exemptions for in-kind charitable donations (medium term).

¹ Northern B.C. includes the Cariboo, Northeast, North Coast and Nechako regions.

Issue: Minimum wage changes and expected increases, in combination with resulting wage inflation and new Employer Health Tax costs are threatening the financial well-being and limiting growth of some B.C. small businesses.

Small businesses and stakeholders report that, after taxation, minimum wage changes and expected increases are the greatest challenge for the cost of business. The 2018 minimum wage increase will result in a payroll increase of approximately 2%, with similar increases to occur over the following three years. While the increases are being phased in as recommended by the Fair Wages Commission Report, the front-loaded nature of the increases will have a significant impact on small businesses, particularly in the hospitality and retail sectors which are more heavily dependent on minimum wage, entry-level workers.



The increases are also reported to be pressuring owners to provide commensurate increases for staff earning above minimum wage, resulting in wage inflation and further increases to payroll costs and the Employer Health Tax burden on small businesses. As a result of these significant increases to labour costs, many small businesses report that they intend to operate with fewer employees and hire more experienced staff, leading to potential employment challenges for younger, less experienced job-seekers.

Several online questionnaire respondents (15%) indicated that minimum wage costs were the greatest challenge impacting their business (the second most frequently mentioned challenge next to taxes). The minimum wage was found to be a more significant concern for larger small businesses (20-50 full-time staff) and businesses in the Thompson/Okanagan, Kootenay and Northern B.C. regions. Some respondents (10%) recommended the Province revise the minimum wage by eliminating the new increase or introducing tiered wages.

Recommendation 1.3: Lessen the impact of the minimum wage increases on small businesses.

We recommend government:

- 1.3.1 Introduce a lower minimum training wage to offset the high costs of training and lower productivity of those just entering the workforce or implement a training tax credit for inexperienced new hires (medium term); and
- 1.3.2 Ensure future minimum wage increases are predictable and tied to the Consumer Price Index or other economic indicators for British Columbia to accommodate inflation, as recommended by the Fair Wages Commission (long term).

“The combined impact of the Employer Health Tax and minimum wage increases has been a huge hit. Our hiring model may need to change to employ fewer youth.”

- Surrey business owner

Issue: High commercial property costs in B.C. are preventing some small businesses from expanding and threatening the sustainability of others.

High commercial property costs are a major concern for many small business owners, especially in B.C.'s urban communities. Soaring property values, 'highest and best use' assessments (i.e., the value of a property is based on the highest and best use within current zoning without consideration for current use or redevelopment timeframe), triple net leases (where the lessee pays all real estate taxes, building insurance and maintenance fees) and a lack of legal protection and cost-effective dispute resolution process for commercial tenants are all key factors making commercial property unaffordable. These issues are complex for small businesses, as they can be both landlords and tenants.



While some municipal governments have acted to lessen the impact of soaring property costs and recent rezoning initiatives, for example by using three-year averaging, the sector is calling for a more systemic, collaborative approach to examining options including changes in the valuation practices used by BC Assessment, a provincial Crown corporation. Discussions also highlighted the need to modernize the *Commercial Tenancy Act*. The B.C. Law Institute's *Commercial Tenancy Act Reform Project* (2009) noted that the *Act* is badly out of date and the current system leaves business owners vulnerable to high rent increases without practical recourse or protection against potential abuse.

“Our commercial property assessments are through the roof. With the highest, best use assessments, we are paying for the air above our building.”

- Richmond business owner

“Members impacted by new zoning asked the City for a tax exemption and were told the Province needs to make changes to BC Assessment practices. We need more collaboration and communication between governments.”

- Sector association

According to small businesses and stakeholders, increases in property costs and taxes are preventing some businesses from expanding and threatening the sustainability of others by forcing owners to sell to developers or forcing lessees to close their doors due to unaffordable rent hikes or the inability to cover increases in property taxes.

The Property Transfer Tax rate, in combination with rising property costs, is also reported by some small businesses in rural, northern and remote communities to threaten the sustainability of businesses by preventing business succession deals.

Several online questionnaire respondents (13%) indicated that real estate costs were the greatest challenge impacting the cost of doing business in their community (the third most frequently mentioned challenge). Real estate costs were found to be a bigger challenge for startups (operating less than one year), micro businesses (1-4 full-time staff) as well as businesses in the Mainland/Southwest and Vancouver Island/Coast regions. A few questionnaire respondents (8%) similarly recommended revising commercial property regulations such as the Property Transfer Tax.

Recommendation 1.4: Lessen the impact of high commercial property costs.

We recommend government:

- 1.4.1 Establish a Task Force to review the *Commercial Tenancy Act* with a view to modernize it, provide reasonable protections for small businesses and establish an efficient dispute resolution process (short term);
- 1.4.2 Reduce the Property Transfer Tax rate to support small business succession (medium term);
- 1.4.3 Collaborate with municipal governments to examine alternative commercial tax policy structures to reduce the burden on small businesses and examine the benefits of revising BC Assessment Practices and the Commercial to Residential Property Tax ratio (long term); and
- 1.4.4 Encourage developers and municipalities to build smaller commercial strata units that are affordable for small businesses (long term).

Issue: Provincial taxes can result in more significant financial impacts on small businesses in B.C.'s northern, rural and remote communities due to differences in geography and climate.

While small business owners across the province are concerned about the environment and are actively working to make their businesses greener, the Carbon Tax creates a significant burden for owners in northern, rural and remote communities who are more dependent on energy use because of the lack of public transportation, reliance on ground shipping and cold climate and industries that are energy dependent by the nature of the work. A restaurant, for example, expends 75% of their energy use on essential foodservice processes including cooking, hot food holding, refrigeration, ice making, exhaust ventilation and cleanup.

“The Carbon Tax doesn’t take into consideration the north’s reliance on cars and gas due to the lack of public transit options, the cold climate and lack of charging stations for electric vehicles.”

- Prince George business owner



The Luxury Vehicle Tax is also seen as unintentionally impacting small businesses in northern and remote communities which require vehicles that withstand severe winter driving conditions. Right now, B.C. passenger vehicle buyers pay 7% PST on new vehicles priced below \$55,000 (unless they purchase the vehicle in a private sale, in which case the rate is 12%). This rises to 8% for vehicles priced between \$55,000 and \$55,999, to 9% on a price of \$56,000 to \$56,999, to 10% for vehicles priced between \$57,000 and \$124,999, to 15% for vehicles priced between \$125,000 and \$149,999 and 20% for vehicles priced \$150,000 or above. Given the rising costs of passenger vehicles, these brackets commonly impact standard work vehicles like pickup trucks and vans.

In the online questionnaire, businesses in Northern B.C. (defined here as the Cariboo, Northeast, North Coast and Nechako regions) were less confident about their current and future business performance and more likely to view the cost of doing business as a major challenge compared to businesses in other regions. Almost half of northern businesses (48%) reported that managing the cost of doing business was very challenging (5 out of 5 rating, where 5 is very challenging), compared to the average of 42% across all regions. Rural and remote regions such as Kootenay and Vancouver Island/Coast identified similar challenges with respect to the additional costs they face. Some challenges mentioned more frequently in these regions included transportation and shipping costs, utility costs, internet connectivity and disaster-related costs (i.e., from wildfires).

Respondents provided various suggestions to address these challenges such as reducing barriers to access in rural and remote communities, such as expanding broadband and improving transportation infrastructure, pricing products and services appropriately, offering a utilities rebate and reducing the Carbon/Gas Tax.

Recommendation 1.5: Examine opportunities to offset the disproportionate impact of taxes on small businesses in northern and rural and remote B.C. communities.

We recommend government:

- 1.5.1 Raise the lowest threshold of the Luxury Vehicle Tax (currently \$55,000) to exclude standard pickup trucks and work vehicles (medium term); and
- 1.5.2 Provide Carbon Tax rebates for small businesses in northern and rural and remote communities with no viable alternatives to reduce fossil fuel usage (long term).

Issue: WorkSafeBC is funded beyond a reasonable measure. The current funding ratio unnecessarily adds to the costs faced by B.C. small businesses.

The June 2018 WorkSafeBC financial summary shows the employer-funded provincial Crown agency responsible for the workers' compensation system was funded at 142% in 2017, with \$6.4 billion excess in assets compared to liabilities, making it one of the most overfunded workers' compensation systems in Canada.

According to sector association reports, many other provincial workers' compensation boards, like in Alberta, Saskatchewan and PEI, have refunded excess money to employers when the funded position gets to a certain level.

Recommendation 1.6: Provide rebates for the 2017 WorkSafeBC surplus and ensure future rates are fairly priced.

We recommend government:

- 1.6.1 Work with WorkSafeBC to provide businesses with rebates to reduce the \$6.4 billion (142%) surplus from 2017 (short term); and
- 1.6.2 Set fair WorkSafeBC rates in order to maintain a maximum funding ratio of 110% of assets to liabilities to ensure sound management of employer finances (medium term).



PRIORITY 2: MORE EXTENSIVE ENGAGEMENT WITH AND CONSIDERATION OF SMALL BUSINESSES BY GOVERNMENT

How does it align with current B.C. Government priorities?

- ✓ Ensuring new policies that impact small businesses are reviewed through a small business lens and guaranteeing consistency and predictability in the introduction of new changes.
- ✓ Building on the Province’s commitment to avoiding excessive regulations for small businesses by continuing the Net Zero Regulation Requirement past its current expiry date of 2019.

Issue: Small businesses are not sufficiently engaged on proposed changes to legislation, regulations and policies and estimated combined impacts of these changes are not adequately assessed and reported to the public.



Throughout the engagement, the Task Force heard how layers of taxation, fees and regulations from multiple levels of government are collectively driving up the cost of doing business and discouraging investment and growth.

Small business owners and stakeholders expressed concern that the federal, provincial and municipal governments are relying on a growing number of business fees and taxes, citing the emerging Employer Health Tax, Carbon Tax, extended Recycle BC producer obligations and increasing municipal business licence fees, permit fees and commercial property taxes. Small business owners reported that they have not been sufficiently engaged by government to understand the potential impact of these changes on their businesses.

Another key issue cited was the perceived lack of transparency in how the government assesses combined and unintended impacts of policy changes. Small business owners reported a significant cumulative increase in labour costs resulting from the newly created Employer Health Tax, the overlap with MSP premiums, annual minimum wage increases, federal changes to Canada Pension Plan and Employment Insurance employer contributions and expected increases due to policy changes at WorkSafeBC and to the *Employment Standards Act* and *Workers’ Compensation Act*.

“We are seeing a lot of uncertainty and increased costs from so many untested tax policies in a short period of time. Many small businesses are questioning whether to expand in B.C. or relocate.”

- Sector association

These changes are viewed by many of the small business owners and stakeholders engaged to have been implemented without a full appreciation for the significant cumulative impact on small business profitability and sustainability. Businesses need consistency and predictability, so they can adequately plan for the cost of maintaining or expanding their operations and develop accurate value propositions for investors. The number of substantial tax and policy changes was reported to be reducing business confidence and discouraging investment and growth, as the sector waits to see the full impact of the changes.

Businesses told us there is a need for a more consistent and formalized mechanism to ensure relevant provincial government processes, operations and policy changes are reviewed through a small business lens. They stated there is a need for adequate consultation with stakeholders and a

consideration of the cumulative increase in costs and paperwork resulting from recent changes across multiple levels of government. Some online questionnaire respondents (7%) similarly recommended the Province engage with small businesses and assess the anticipated impacts of policy changes through increased modelling and analysis. As noted in recommendation 1.4, one example could be establishing a Task Force to engage with the small business sector in reviewing the *Commercial Tenancy Act*.

Recommendation 2.1: Engage with the small business sector on changes to legislation, regulations and policies, assess the combined and unintended impacts and publicly share the results.

We recommend government:

- 2.1.1 Institute a formalized process in which the Small Business Roundtable, small businesses and relevant stakeholders are regularly engaged to ensure continued feedback on the potential impact of proposed changes to provincial policies, legislation or regulations (short term);
- 2.1.2 Design a framework to assess the combined impact of costs and benefits to small businesses and relevant stakeholders of proposed changes when developing or amending provincial policies and legislation (short term);
- 2.1.3 Recommend that "Small Business" is explicitly included in a future Ministry name and mandate, to formalize the small business lens in processes, operations and new policies impacting the sector across all relevant ministries (short to medium term);
- 2.1.4 Reinstate businesses' right to vote in municipal elections to ensure greater representation, consultation and consideration at the municipal level (short to medium term); and
- 2.1.5 Develop a policy to work with the Small Business Roundtable to publicly share the results of relevant engagement and economic modeling of proposed changes that may impact the sector, where not prevented by Cabinet confidence (medium term).

Issue: Small businesses are not provided enough time to plan for major policy changes and face high adjustment costs which can impact business survival and employment decisions.



We heard that, for the small business sector to continue to innovate, grow and be successful, there needs to be more consultation by government to understand the intended and unintended consequences of changes to policies, regulations and taxes, including the cumulative increase in cost and paperwork for small businesses.

As sudden significant increases in business costs can have a large impact on small business survival and employment decisions, changes should be as gradual as possible with advance notice and informational supports made available to help small businesses absorb the increased costs.

Recommendation 2.2: Provide advance notice of planned policy changes and introduce changes in increments so businesses can adequately plan and spread the cost over several years.

We recommend government:

- 2.2.1 Provide reasonable advance notice and informational supports about changes to provincial policies and legislation to help them prepare for and accommodate significant changes which may increase their operational costs (medium term); and
- 2.2.2 Introduce changes in increments so businesses can adequately plan and spread the increased cost and paperwork burden of proposed changes over several years (medium to long term).

“We need more advance notice about new taxes and changes to minimum wage and employment standards like sick days, overtime and holiday pay.”

- Prince George business owner

“Consult first to find out what’s fair and what cost increases the market can handle so we aren’t surprised by the results.”

- Surrey business owner

Issue: Small businesses in B.C. continue to face many layers of taxation, fees and regulations from multiple levels of government, driving up costs and discouraging investment and growth.

Government should “get out of the way” was a common sentiment of small business owners, entrepreneurs and industry associations. Throughout the engagement, the Task Force heard how layers of taxation, fees, paperwork and regulations from multiple levels of government are collectively driving up the cost of doing business, discouraging investment and growth. The number of significant tax and policy changes recently implemented by the Province was also reported to be reducing business confidence and discouraging investment and growth, as the sector waits to see the full impact of the changes.

Participants stated there is a need to address bottlenecks and streamline bureaucratic processes in provincial government agencies that interact with small businesses. Part of these improvements includes a change in attitude from being “gatekeepers” to providing good customer service to small businesses.



The Task Force commends the Province’s efforts to avoid excessive regulations on small businesses by maintaining its commitment to its Net Zero Regulation Requirement through 2019, as championed by the Small Business Roundtable. The Task Force also recognizes that through the Regulatory Impact checklist, as part of the government’s regulatory reform agenda, ministries are currently required to consider the impacts of new legislation or amendments to legislation, policies and forms for small businesses. We encourage the Province to continue to consider the cumulative impact of all taxes and fees whenever possible.



of respondents said continuing to reduce the paperwork and regulatory burden should be a priority

Most online questionnaire respondents also indicated the Province should continue efforts to reduce the paperwork and regulatory burden as a priority (66% selected 4 or 5 out of 5, where 5 is a high priority). Businesses in the Thompson/Okanagan region particularly emphasized this recommendation.

Recommendation 2.3: Maintain the Province’s commitment to avoiding excessive regulations for small businesses.

We recommend that government:

- 2.3.1 Extend or permanently formalize the Province’s Net Zero Regulation Requirement past its current expiry date of 2019 (short term);
- 2.3.2 Continue to build capacity within the public service to use the Regulatory Impact checklist, through additional training and development of tools to consider the impacts of policy, legislation and regulations on the small business sector (short term); and
- 2.3.3 In collaboration with the Small Business Roundtable, conduct reviews of all provincial government agencies with particularly high bottlenecks, process and paperwork burdens for small businesses (medium term).



PRIORITY 3: INCREASED ACCESS TO LABOUR AND SKILLED WORKERS TO MEET JOB DEMAND

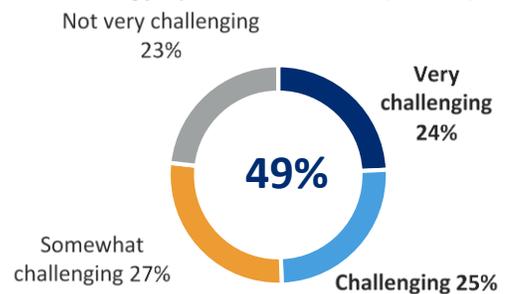
How does it align with current B.C. Government priorities?

- ✓ Helping small businesses attract and retain workers by making life more affordable and finding solutions to housing affordability and the rising cost of living.
- ✓ Removing barriers to attracting and repatriating skilled workers needed by small businesses.
- ✓ Building on work with the Minister of Advanced Education, Skills and Training to improve credential assessments and create a centre to coordinate and educate newcomers in their fields.
- ✓ Fighting inequality and helping small businesses meet their labour needs by investing in post-secondary education and skills training, particularly for unemployed and underemployed British Columbians.

Evidence from the literature review, online questionnaire and in-person engagement show that B.C.’s record-low unemployment rate and aging workforce are putting pressure on the supply of workers, resulting in widespread labour and skills shortages across a wide variety of sectors and regions. Access to labour was identified as a key challenge in all seven communities visited and about half (49%) of small businesses that completed the online questionnaire suggested access to the labour market and skills training is challenging or very challenging for their business (Figure 2). Challenges are experienced most by larger, older small businesses. There were no substantial differences in responses across businesses by region, which indicates this is a major issue that affects businesses in urban as well as rural, remote and northern regions.

Figure 2. Challenges Accessing Labour and Skills Training

How challenging is accessing the labour market and skills training for your small business? (n=1,035)



Issue: The high cost of living in B.C. is contributing to recruitment and retention issues for many small businesses, particularly those in urban centres.



Many small businesses reported issues recruiting and retaining the skilled workers they need due to the high cost of living, particularly related to housing and child care affordability. Businesses operating in urban centres were most impacted due to soaring property costs. As more workers relocate outside of B.C.’s major urban centres in search of lower costs, the increased pressure on existing transportation infrastructure and higher gasoline costs due to the Carbon Tax discourage workers from commuting, motivating some to seek employment elsewhere. Workers in some regions and industries also struggle to find affordable transportation options, particularly if they work outside of public transit hours.

Many employers noted that the timely arrival of ride sharing services such as Uber and Lyft would help them retain employees that commute to work. The comparatively high cost of living also creates challenges for small businesses trying to provide workers with living wages while remaining competitive and profitable.

The *Speculation and Vacancy Tax* was reported by some businesses in Nanaimo and Kelowna, two of the seven cities impacted, to be having negative unintended consequences. According to businesses and stakeholders, the tax has led to concerns from Albertans and B.C. residents with summer cottages and retirement homes in B.C. and uncertainty among investors. Businesses in these regions indicated this has resulted in lost tourism revenues and cancelled construction projects, impacting tourism and hospitality businesses, construction companies and suppliers. The cancellation of new construction was also reported to reduce anticipated future housing supply, leading to projections of higher prices for owners and renters. While the participants and Task Force appreciate the intent of the *Speculation and Vacancy Tax* to cool down the overheated housing market in some regions of B.C., it would be of benefit to investigate and assess the unintended consequences of the tax.



of respondents said improving affordability should be a priority

Most online questionnaire respondents indicated that improving affordability for British Columbians should remain a high priority for the provincial government (76% selected 4 or 5 out of 5, where 5 is a high priority). Affordability was more frequently mentioned as a concern in the Mainland/Southwest, Vancouver Island/Coast and Kootenay regions. Housing for workers was identified as a bigger challenge for medium (10-19

full-time staff) and larger (20-50 full-time staff) small businesses. Transportation costs were also highlighted by businesses in northern, rural and remote areas. Respondents recommended that the government should increase affordability for their workers through investments in housing, transportation and other services such as child care.

Recommendation 3.1: Support worker attraction and retention by continuing to increase affordability for British Columbians.

We recommend government:

- 3.1.1 Address the unintended consequences of the *Speculation and Vacancy Tax* on housing supply and prices in the affected markets so supply can continue to grow, ensuring employees have access to a diversity of housing options (short term);
- 3.1.2 Fast track the adoption of ride hailing services such as Uber and Lyft to help employers attract and retain employees who commute, especially outside of regular public transit hours, by broadening the transportation services available (short term);
- 3.1.3 Continue to invest in transportation infrastructure (long term); and
- 3.1.4 Keep housing affordability a key priority for the Province, for example, by collaborating with municipal governments to identify best practices to support increased supply of housing (e.g., through density zoning, bylaws and incentive programs) (long term).

Issue: B.C.'s low unemployment rate, aging workforce and shrinking labour pool mean the current workforce is not sufficient to meet job demand, resulting in widespread labour and skills shortages.

B.C.'s recent labour market outlook report, industry reports and the results of the online questionnaire and in-person engagement all suggest that B.C.'s record-low unemployment rate and aging workforce are putting pressure on the supply of workers, resulting in widespread labour and skills shortages across a variety of sectors and regions. To address these shortages and ensure the continued growth and success of the sector, B.C. needs to effectively utilize its workforce, encourage labour force participation of groups traditionally under-represented in the workforce and increase access to workers from outside B.C.



“Because we can’t find workers to fill the restaurant positions, we have been forced to reduce our hours of operation and close two days a week.”

- Cranbrook business owner

“We desperately need immigration processes to recognize all hospitality positions as critical skills. We have a severe shortage, yet working visas aren’t being renewed.”

- Online questionnaire respondent, Kootenay Region

Province-wide, small businesses reported an ongoing need for workers from outside B.C. to address critical labour and skills shortages. B.C.'s rural and remote communities were most impacted due to a shortage of local workers trained in the skills areas needed (e.g., aircraft pilots, programmers, health care workers), and difficulties motivating urban residents to relocate to the province's northern and rural regions. Small businesses in all regions are experiencing difficulties competing with higher wages and benefits offered by larger companies and major resource projects. Small businesses often invest considerable time and money in on-the-job training for less experienced staff which benefits larger businesses when these employees move on. Tourism and hospitality businesses operating in very remote regions, such as ski hills, were most severely impacted due to critical shortages of workers and a heavy reliance on foreign workers to sustain their businesses.

According to owners, B.C.'s small businesses are currently experiencing challenges accessing the foreign workers they need due to longer processing times, application fees, legal fees associated with hiring lawyers and experts to support their applications and limits or restrictions imposed by government on the sectors and occupations eligible or the number of visas granted.

Small businesses and stakeholders also suggested there is a lack of alignment between current education and skills training programs and employer job and skills demand. This has resulted in skills mismatches and gaps and the need for costly training. Difficulties aligning post-secondary enrolment with job demand is believed to be due in part to a lack of information and awareness about the diverse career opportunities available across all sectors and regions and future job demand among secondary school-aged youth and their parents.

The online questionnaire identified some regional differences in skills and labour needs. The availability of experienced and qualified managers was a particular challenge for businesses in the Mainland/Southwest and Thompson/Okanagan regions, while the need for apprenticeship supports was highlighted by businesses in Northern B.C.



76%

of respondents in said increasing employers' access to skilled labour should be a priority

Most online questionnaire respondents indicated that expanded efforts to increase employers' access to skilled labour to meet their job demand should be a high priority for the provincial government (76% selected 4 or 5 out of 5, where 5 is a high priority). Respondents recommended more simplified government funding guidelines and increased resources for skills development. Several

respondents also recommended the government support skills training programs to facilitate increased diversity and inclusion in their workforce.

Recommendation 3.2: Increase access to workers outside B.C. to address critical labour and skills shortages.

We recommend government:

- 3.2.1 Continue to lobby the federal government to increase access to the Temporary Foreign Worker Program and increase employer flexibility, including extending work terms where possible, to address critical shortages in B.C.'s workforce, particularly in the tourism and hospitality sectors and in northern and rural and remote communities (short term);
- 3.2.2 Prioritize streamlining the foreign credential recognition process (short term); and
- 3.2.3 Streamline the Provincial Nominee Program (PNP) application process for small business, increase the number of nominations granted, reduce the application fees and extend the work term for occupations facing critical shortages (medium term).

Recommendation 3.3: Continue to align B.C.'s secondary and post-secondary educational system with labour and skills needs.

We recommend government:

- 3.3.1 Expand promotion of high-demand occupations and career path options to secondary-school aged youth and their parents (short term);
- 3.3.2 Encourage post-secondary institutions to develop partnerships with industry to ensure programs align with industry skills training needs and include work experience components (short term);
- 3.3.3 Examine the possibility of targeting scholarships or grants to encourage enrolment in occupations facing severe shortages (short term); and
- 3.3.4 Expand existing dual credit programs between secondary and post-secondary schools to include high-demand non-trade occupations (long term).

Recommendation 3.4: Continue to align provincial employment and skills training programs for underemployed and unemployed British Columbians with labour and skills needs.

We recommend government:

- 3.4.1 Continue to prioritize funding for Workforce Development Agreement and Labour Market Development Agreement skills training programs to sectors and occupations facing labour and skills shortages (short term);
- 3.4.2 Continue to provide job-readiness supports and training, mentorship and post-placement follow-up to support the labour market participation of individuals with barriers to employment (short term);
- 3.4.3 Create a tax credit for employers who hire and train individuals under-represented in the workforce and/or with barriers to employment (medium term); and
- 3.4.4 Encourage Workforce Development Agreement and Labour Market Development Agreement service providers to engage employers in the design and delivery of employment and skills training programs (medium to long term).





PRIORITY 4: MORE PROMOTION AND AWARENESS OF PROGRAMS, SERVICES AND SUPPORTS FOR SMALL BUSINESSES

How does it align with current B.C. Government priorities?

- ✓ Delivering services that people count on, specifically, quality services that are available and effective by effectively communicating and integrating business services information.

Issue: Many small businesses and entrepreneurs in B.C. are unaware of the various government programs, services and supports available to assist the sector.

Just over half of respondents to the online questionnaire viewed ease of access and awareness of government services as a major challenge (53%) (Figure 3). The level of challenge was reported similarly across all regions of B.C. and higher for startups and older small businesses.

As shown in the chart on the following page (Figure 4), many small businesses are not aware of and/or have never used most of the diverse range of available government and other small business support services and resources. However, the majority of small businesses have heard of and used other service organizations such as banks, chambers of commerce, business associations and universities or colleges to get information and supports.

“It’s a struggle to find out about government programs and services. Pockets of information are spread across so many sources and I don’t have the time to search all websites.”

- Kelowna business owner

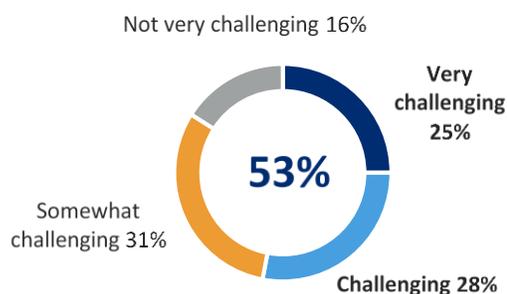
“WorkBC has public advertisements about resources for job seekers but there is no comparable promotion of resources for small business owners.”

- Engagement participant

Small Business BC, Work BC and universities or colleges. Some respondents (6%) suggested that the Province should promote services for small businesses through increased advertising and working with small business program delivery partners.

Figure 3. Challenges Accessing Government Services

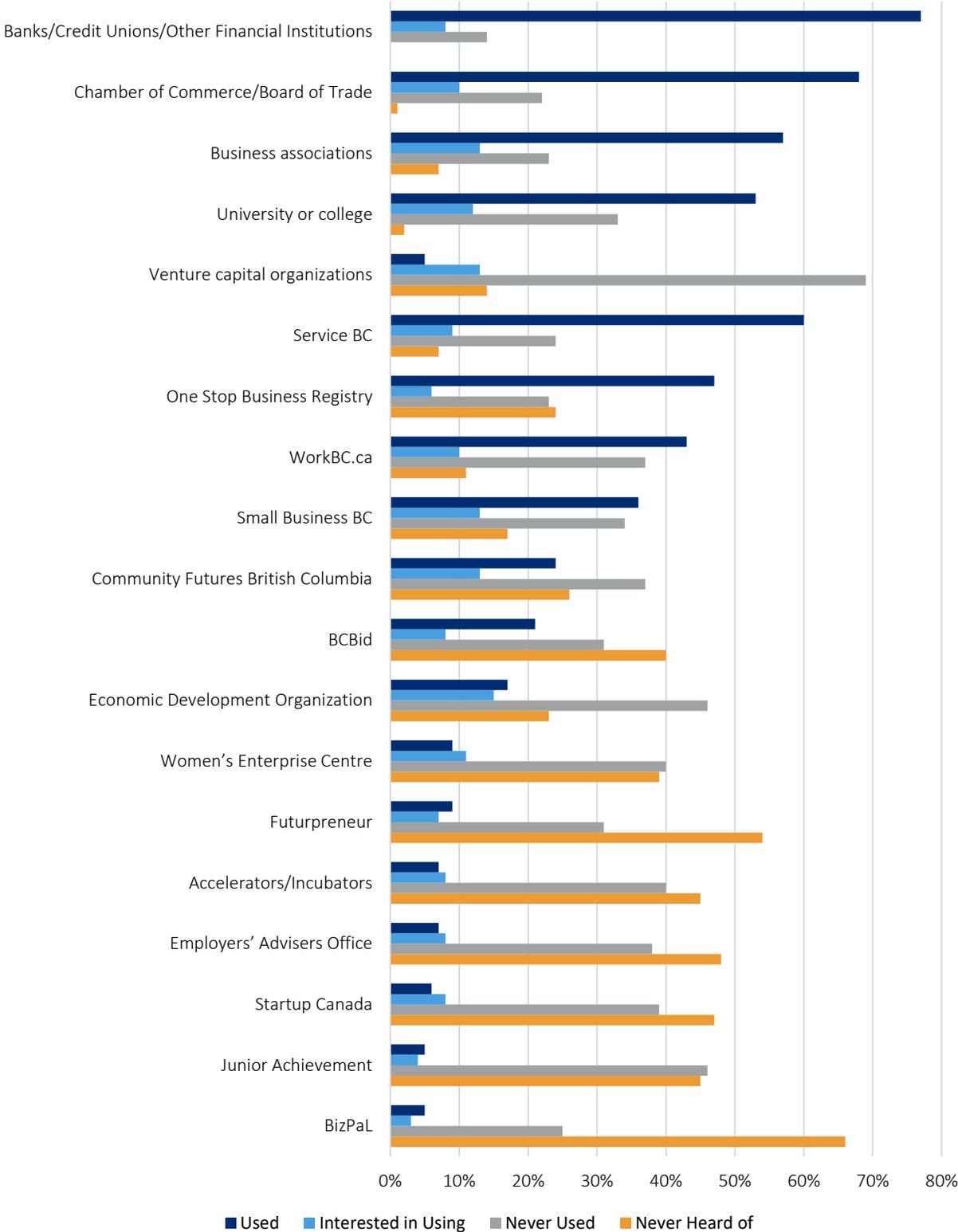
How challenging is ease of access and awareness of government services for your small business? (n=1,035)



Participants engaged in-person told us that business owners lack the time needed to conduct the research required to access the various government programs as the information is spread across too many websites and is lengthy and not in plain language. This is particularly challenging for newcomers and B.C. residents who are English language learners. Several small businesses also described challenges keeping on top of program name changes and revised eligibility criteria.

Small businesses participating in the online questionnaire indicated that they most commonly learned about programs and resources directly from other businesses, financial institutions, business associations, Chambers of Commerce, Boards of Trades, Service BC,

Figure 4. Use of Organizations and Service Providers that Provide Information, Services and Supports to Small Businesses



Recommendation 4.1: Develop a proactive communications strategy to increase awareness among small businesses and entrepreneurs of the wide variety of programs, services and resources available to support the sector.

We recommend government:

- 4.1.1 Develop partnerships with service organizations, including those focused on newcomers, Chambers of Commerce, Boards of Trade and municipal governments to regularly share updated information on available programs, services and resources and facilitate distribution to small businesses and entrepreneurs (short term); and
- 4.1.2 Fund an awareness campaign of the programs and services available to small businesses and entrepreneurs (medium term).

Recommendation 4.2: Integrate information about provincial and federal small business programs in a single online portal.

We recommend government:

- 4.2.1 Develop a single online portal with information on all provincial and federal programs for small business with filtering functionality (medium term).



PRIORITY 5: MORE ACCESSIBLE, EFFECTIVE AND RELIABLE GOVERNMENT PROGRAMS, SERVICES AND SUPPORTS

How does it align with current B.C. Government priorities?

- ✓ Delivering services that people count on, specifically, by ensuring small businesses can access training grants, wage subsidy programs, mentorship and export development support.
- ✓ Creating opportunities for B.C. businesses to bid on government contracts by reviewing provincial government procurement policies as they relate to small businesses.
- ✓ Ensuring people from every background have the opportunity to reach their full potential by supporting business mentorship and capacity building for diverse groups, particularly newcomers and other equity-seeking groups.

Issue: Many small businesses are experiencing barriers accessing training grants, wage subsidy programs and government procurement opportunities.

Many businesses and stakeholders reported barriers to access in the design of government training grants and wage subsidy programs. Participants engaged in-person frequently told us that small businesses continually incur costs training new staff as staff relocate due to the cost of living or take positions with larger employers, but that complicated funding guidelines and barriers in the design of existing grants and wage subsidies make them inaccessible to many small businesses. Examples include complicated language on the application forms and program descriptions; use of annual intakes (e.g., summer wage subsidy programs) that do not align with job demand or seasonal hiring cycles; use of restrictive eligibility criteria that excludes many small businesses based on business age or sector and/or excludes the majority of hiring candidates and workers; the use of first-come, first-served funding allocation and short windows between the funding announcement and application timeline; long processing and reimbursement timelines; and frequent changes of program names.

“The requirement that businesses pay all Employer Training Grant expenses up front and wait 60 business days for reimbursement is a barrier for many small businesses.”

- *Industry association*

“The first-come, first-served nature and the ability of large companies to use HR staff and professional grant writers means the funds are gone before the small businesses that need it most can apply.”

- *Richmond business owner*



41%

of respondents said the provincial government should simplify funding guidelines to help businesses meet labour and skills training needs

Many online questionnaire respondents (41%) indicated the provincial government should simplify funding guidelines to help their business meet labour and skills training needs. Businesses in Northern B.C. and the Mainland/Southwest regions also highlighted that the government should make it easier for businesses to access government procurement opportunities (i.e., goods and services).

Recommendation 5.1: Eliminate barriers that prevent small businesses from accessing provincial grant and wage subsidy programs and procurement processes.

We recommend government:

- 5.1.1 Continue to revise provincial procurement processes to eliminate barriers to access for small businesses (short term); and
- 5.1.2 Conduct a full review of provincial training grant and wage subsidy programs' eligibility criteria, funding cycles, plain language wording of application forms, intake processes, reimbursement processes and timelines to identify and address barriers to small businesses. Consider a specific funding allocation stream for small businesses (medium term).

Issue: Some participants face challenges accessing mentorship and capacity building supports.

Some participants reported a need for mentorship and capacity building supports for topics such as finance, succession planning, recruitment and retention strategies, market research, commercialization, expansion and exporting but were unaware of how to find the supports. Others encountered challenges accessing supports due to inconsistent in-person business service organizations across all regions. Access to financing for groups with barriers (e.g., newcomers, women, Indigenous people and persons with disabilities) and access to provincial procurement opportunities, particularly for northern and rural and remote small businesses were also identified as challenges. A few participants mentioned that youth should be educated about entrepreneurship as a possible career path in secondary school, including the skills required as well as the tough side of owning a business and how to cope with failure.



Many online questionnaire respondents indicated that there is a gap in government support programs (40%), followed by loans and financing (38%) and general business advisory services (32%). Younger businesses (operating from less than one year to 9 years) tended to need more mentoring, while middle-aged businesses (5-9 years) needed more loans and financing to support their expansion and older businesses (operating 10-24



of respondents said there is a gap in government support programs for businesses

years) needed more support with succession planning. Startups also more frequently recommended increased webinar services, while many businesses, regardless of the region, suggested more in-person seminars. Despite the prevalence of services and resources available, businesses in the Mainland/Southwest region were more likely to identify government support program and service and financing gaps for small businesses.

To support diversity and inclusion in small business owners, several respondents also recommended more mentoring (13%) and business planning services (12%) (particularly in the Thompson/Okanagan and Vancouver Island/Coast regions) and language services (10%) (particularly in the Mainland/Southwest region).

Recommendation 5.2: Improve the availability of business skills training, capacity building and mentorship supports across all regions.

We recommend government:

- 5.2.1 Task the Small Business Roundtable to work with key partners to consult with youth entrepreneurs on how to enhance accessibility of entrepreneurship training to youth (short term);
- 5.2.2 Expand small business service delivery across all regions, particularly northern, rural and remote, either by increasing the number of Small Business BC storefronts or developing formal partnerships with service providers such as Community Futures, industry organizations and other levels of government to share and leverage existing programs, services and resources, particularly those aimed at newcomers, youth entrepreneurs, women, Indigenous people and persons with disabilities (medium term);
- 5.2.3 Enhance small business export and trade services such as supporting regional or provincial trade summits and formalizing and expanding the Export Navigator pilot into a permanent program (medium term);
- 5.2.4 Incorporate financial and business skills in B.C.'s elementary and secondary school curricula to ensure all graduating students have basic entrepreneurship knowledge and skills (medium term); and
- 5.2.5 Continue to provide support for improvements to internet connectivity in rural and remote areas and Indigenous communities in B.C. (medium term).

Issue: Information about government business requirements and programs is difficult to access and understand and can be inconsistent depending on the customer service agent.

“Down the rabbit hole” was how small business owners described difficulties searching for government information or support. Throughout the engagement process, small businesses and stakeholders across the province described the process of searching for information on government business requirements or programs and services as difficult, confusing and time-consuming due to the complicated nature of the government websites; the use of long text descriptions using advanced-level English and non-business terminology; difficulties reaching a customer service representative to answer specific questions; and issues with a lack of familiarity among the frontline customer service staff of the policies and programs leading to inappropriate or inconsistent information being given. Participants also indicated that information and forms should be in a format that can be easily translated so it can be understood by newcomers and English language learners (i.e., forms are often in PDF images instead of HTML format where the text can be copied into a translation software program).

“PST forms are overwhelming- After calling multiple times to clarify exemptions and getting inconsistent information, I gave up and hoped for the best.”

- Cranbrook business owner



of respondents said the government should enhance customer service and set standards

To make it easier for small businesses to succeed in B.C., several (22%) online questionnaire respondents recommended the Province should enhance government service efficiency by reducing the level of bureaucracy, enhancing customer service training and introducing service standards. Businesses in the Thompson/Okanagan region were more likely to suggest this recommendation than businesses in other regions.

Recommendation 5.3: Improve the accessibility, timeliness and reliability of provincial government information and support.

To achieve this, we recommend government:

- 5.3.1 Review government websites relevant to small businesses to ensure the information is in plain language, an easily readable and searchable format, and that information and forms are available in HTML or a similar format that can be copied into a translation software program (short term);
- 5.3.2 Adopt service standards for follow-up timelines and include them in public program monitoring and reporting (medium term);
- 5.3.3 Incorporate call-back, email and chat functions on all public provincial government websites (long term); and
- 5.3.4 Provide standardized customer service training to frontline service staff to increase awareness of programs and services and understanding of regional differences and small business perspectives to ensure more appropriate, accurate and reliable information and advice (long term).

Issue: There is a lack of coordination between provincial and municipal governments regarding business licencing, permitting and fees.

A number of small businesses reported frustrations over the lack of communication, collaboration and harmonization between the provincial and municipal governments (e.g., with mobile business licences and differences in business licence categories and fees) and the long processing times for inspections, permits and licences. A few respondents (4%) in the online questionnaire also mentioned that the provincial government should improve its coordination with municipal governments in order to make it easier for small businesses in B.C. to succeed.

“The process of receiving permits, licences and inspections is so complicated and slow it’s preventing small business growth and expansion.”

- Richmond business owner

Recommendation 5.4: Work with the Union of BC Municipalities and interested municipal governments to scope opportunities to improve the timeliness of permitting and licencing processes.

To achieve this, we recommend government:

- 5.4.1 Continue to promote the Mobile Business Licence Program to encourage further expansion to additional regions and sectors (medium term);
- 5.4.2 Work with the Union of BC Municipalities and interested municipalities to support the implementation of online municipal permit and licence applications (medium to long term);
- 5.4.3 Encourage municipalities to improve and track the timeliness and efficiency of permitting processes, streamline the number of business licence categories and eliminate business licence fees (long term); and
- 5.4.4 Develop a one stop shop for applying for all provincial and municipal licences (long term).



PRIORITY 6: SUPPORT FOR GREATER INDIGENOUS PARTICIPATION IN B.C.'S ECONOMY

How does it align with current B.C. Government priorities?

- ✓ Committing to reconciliation with Indigenous people by fully adopting and creating an action plan to implement the *United Nations Declaration on the Rights of Indigenous Peoples* and the *Truth and Reconciliation Commission of Canada: Calls to Action*.
- ✓ Facilitating improved economic opportunities for all British Columbians by supporting increased participation of Indigenous people in B.C.'s economy.
- ✓ Creating opportunities for B.C. businesses to bid on government contracts by reviewing provincial government procurement policies as they relate to Indigenous businesses.
- ✓ Closing the socio-economic gap between Indigenous and non-Indigenous communities by investing in the capacity building that is critical for self-determination.

Issue: Although the federal and B.C. governments have adopted the *United Nations Declaration on the Rights of Indigenous Peoples*, the *Truth and Reconciliation Commission of Canada: Calls to Action* and other Indigenous policy frameworks, a clear implementation or action plan has yet to be developed, particularly related to Indigenous businesses. There is also a need to ensure meaningful Indigenous representation in small business engagement activities.

During the in-person engagement sessions, representatives from Indigenous communities and organizations identified the need for a clear action plan for implementing the *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)* and the *Truth and Reconciliation Commission of Canada: Calls to Action (Calls to Action)*, particularly recommendation 92 related to business and reconciliation.



Suggestions included developing an action plan for implementing *UNDRIP* and *Calls to Action* recommendations related to the business sector by using other countries such as Australia as best practice examples and continuing to include Indigenous representation as part of the Small Business Roundtable and any future engagement initiatives.

Similarly, a few respondents to the online questionnaire indicated the need for the B.C. government to develop an action plan for the effective implementation of *UNDRIP* recommendations related to the business sector.

Recommendation 6.1: Ensure Indigenous perspectives and experiences are included and considered in the development of policies, programs and services impacting small businesses.

We recommend government:

- 6.1.1 Develop an action plan to ensure Indigenous entrepreneurship and business needs are considered in policy and program development, as part of the government's adoption of the *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)* and the *Truth and Reconciliation Commission of Canada: Calls to Action* (short term); and
- 6.1.2 Ensure Indigenous people are represented on the Small Business Roundtable and are included in business sector engagement initiatives (short term).

Issue: There is a need to enhance support for business skills capacity building and access to economic opportunities for Indigenous businesses and aspiring entrepreneurs.

Indigenous business owners and representatives of Indigenous communities and organizations identified a need for capacity building and mentorship of Indigenous entrepreneurs to help them develop confidence, build professional networks and acquire business management skills and expertise. There is an ongoing need for increased access to financing, due to the inability to use on-reserve property as collateral, a lack of credit history, a lack of awareness of available financing programs and the long approval timelines and restrictions of existing Indigenous small business financing programs (e.g., limited financing for marketing).

Structural and historical barriers are also constraining Indigenous business development and employment. Examples include band and economic development office capacity constraints and unresolved treaty rights.

When asked what can government do to best support diversity in small business owners, some online questionnaire respondents said Indigenous-led businesses could be further supported through funding, the development of Indigenous procurement policies and by reducing regulatory red tape.



Recommendation 6.2: Continue to support capacity building and economic development of Indigenous communities.

We recommend government:

- 6.2.1 Continue to support culturally appropriate education and skills training programs for Indigenous people (short term);
- 6.2.2 Continue to revise B.C. government procurement policies to reduce barriers to access for Indigenous businesses (medium term);
- 6.2.3 Support capacity building efforts to assist Indigenous businesses to become ready or pre-qualified to supply major projects, including proposed LNG projects (medium term); and
- 6.2.4 Support business to business or community to community mentorship to share lessons learned and best practices in economic development, human resources development and capacity building (long term).

Issue: There continues to be a cultural and economic disconnect between Indigenous communities, businesses and workers and non-Indigenous businesses and investors.



Representatives in several communities told us that there is a disconnect between the on-reserve Indigenous community and the off-reserve community. Many non-Indigenous businesses and investors lack information on how to engage with Indigenous businesses (e.g., point of contact, protocol and cultural considerations) and some Indigenous communities, particularly Indigenous bands and economic development offices, lack the capacity to develop communication protocols and respond to joint venture and other business enquiries. Representatives also noted that Indigenous businesses have not been sufficiently considered in government procurement opportunities like highway

construction or larger resource projects and that there is an opportunity to promote Indigenous businesses in diverse sectors such as cultural tourism.

Representatives suggested that the government should work with Indigenous communities to create or enhance existing investment matching portals or telephone directories and provide support for Indigenous communities to develop their own communication protocol capacities. It was also noted that the government should adopt Indigenous-specific procurement policies and tax credits for large projects (e.g., LNG) to procure from local Indigenous businesses. Representatives in some communities indicated that there are opportunities to better leverage Indigenous workers. Challenges highlighted included gaps in employment readiness or misalignment of the skills training with available local job opportunities and a lack of cultural awareness among employers.



Several participants said there is a need for more information about how to engage with Indigenous businesses (e.g., contact, protocol, culture)

Recommendation 6.3: Facilitate culturally appropriate and mutually beneficial communications and connections between non-Indigenous and Indigenous communities and businesses.

We recommend government:

- 6.3.1 Promote awareness and seek expanded use of the Aboriginal Business Match program among Indigenous and non-Indigenous businesses (short term);
- 6.3.2 Collaborate with the Indigenous Business and Investment Council to explore opportunities to engage with the Indigenous business community (short term);
- 6.3.3 Working with Indigenous leaders, develop and promote cultural competency and protocol training for non-Indigenous businesses looking to engage Indigenous communities (medium term);
- 6.3.4 Encourage non-Indigenous businesses to develop an Indigenous procurement strategy or policy (medium term); and
- 6.3.5 Engage with Indigenous communities on the development of an investment matching portal or telephone directory to connect Indigenous communities and businesses with interested investors and businesses (long term).

Summary and Next Steps

This report captures the pressures and opportunities small businesses are facing at this point in time. It should be recognized that the challenges are also occurring in the context of mega-trends in the business sector such as the growing importance of technology and automation and increasing competition and globalization of markets. Many of these topics are being examined as part of the Emerging Economy Task Force, which launched in July 2018.

Small businesses across the province told us they appreciate the different ways the B.C. Government is already working to address their concerns, particularly in addressing the cost of living for their workers, reducing the Small Business Tax Rate by 20% and identifying PST exemptions for small businesses. While our recommendations are extensive, many represent a continuation or expansion of the current government's strategic priorities and related initiatives that are already underway.

Moving forward, the government should continue to fulfill its mandate along these lines and keep in mind the small business considerations that we have shared through this report. Some of the key government priorities which are particularly well-aligned with what we heard include:

- ✓ Building a strong, sustainable economy by supporting small businesses
- ✓ Investing in education, post-secondary and skills training
- ✓ Finding solutions to housing affordability and the rising cost of living
- ✓ Committing to reconciliation with Indigenous peoples

The Task Force respectfully requests Minister Ralston publicly respond to the recommendations outlined in this report. The Task Force also requests the Minister provide a public response on which particular recommendations have been accepted by government, including a detailed rationale and an associated action plan with the proposed short term (0-1 years), medium term (1-4 years) and long term (4+ years) timeline for implementation. As government considers the report and next steps, the action plan should align with the context of larger trends, opportunities and analysis arising from the Emerging Economy Task Force.



Throughout and following this process, the Small Business Roundtable will provide ongoing guidance and feedback to ensure the recommendations continue to remain relevant and the government follows through on its commitments. While the Task Force will be dissolved following the submission of this report, we look forward to continuing to engage with and advocate on behalf of B.C.'s small businesses through the Small Business

Roundtable. The Roundtable will consider conducting a formal refresh of the Task Force's work in the future if there is support by government.

We would like to reiterate our gratitude to Minister Ralston for the opportunity to lead this process and examine the important issues facing small businesses across B.C. We are hopeful that the recommendations we have made backed by data we have collected will resonate with you and your Cabinet colleagues, so we can work together to brighten the future of small businesses in B.C. and build a strong, sustainable economy together.

Appendix 1 – Terms of Reference

SMALL BUSINESS TASK FORCE

Context

The 493,100 small businesses in B.C. today are the backbone of our province's economy. Collectively they employ over one million British Columbians and represent 98% of all businesses and 54% of private sector jobs in B.C.²

More than 80% of small business owners are finding it more expensive to run their businesses and over 70% say that the high cost of living is making it hard to find workers.³

In its April 2017 Platform document, the B.C. NDP proposed the creation of a Small Business Task Force (SBTF) to listen to the concerns of small business owners and better understand what government can do to help them succeed. This commitment was reaffirmed in the Premier's mandate letter to the Minister of Jobs, Trade and Technology.

Engagement with key groups and individuals in the sector is essential to inform government policy direction and recommendations to strengthen the small business sector. To carry out this work, the Minister responsible for small business is creating a SBTF.

Purpose

To engage small business stakeholders to seek their views on (1) the specific issues that are having an impact on the cost of operating a small business and (2) barriers to growth and success, with a focus on those factors that make it difficult to find workers, including the high cost of living in many B.C. communities.

To provide a final report to the Minister with specific advice on government actions that could be taken to strengthen the small business sector.

Scope

Consultation on issues specific to the cost of operating a small business in B.C. and what actions government could take to help small businesses succeed, grow and create jobs. A background paper could be prepared that links to government strategic priorities like the high cost of living; emerging economy; youth employment; innovation and entrepreneurship as well as key questions, to provide a starting point for these consultations.

The SBTF will build on the existing Small Business Roundtable whose members have historically brought the voice of small business to government on major policy issues and identified barriers to growth and opportunities to strengthen the sector.

² Source: 2018 Small Business Profile

³ Source: 2017 NDP Platform

Public Engagement

In-person sessions

There are seven targeted face-to-face engagement sessions planned with key business and Indigenous leaders across all regions in British Columbia, including:

- Representative small business organizations and operators;
- Key sector organizations;
- Financial services representatives;
- Local governments;
- First Nations;
- Labour;
- Youth; and
- Academia.

Online and survey consultations

The SBTF will also provide an opportunity for British Columbians to provide their views on the key barriers to success, opportunities for growth and actions for consideration by government. The in-person and online engagement could also be supported through a broad survey of B.C. small businesses.

Membership

The SBTF, a special initiative of the Roundtable, will have a total of three individuals to ensure an efficient and nimble team process and to maximize the best outcomes. Representatives are drawn from the existing Small Business Roundtable, which is comprised of key stakeholders and two small business owners with the following provisions:

- An SBTF Chair will be appointed by the Minister;
- Member appointments will be made by the Minister in consultation with the Chair;
- Members will be selected for their expertise and experience;
- The SBTF size will be at the discretion of the Chair, but will represent a diversity of sectors; and
- New members will be appointed to the Small Business Roundtable and, within this context, be considered as members for the SBTF.

Timeline

Launch of the SBTF consultations is anticipated for Summer, 2018, with the SBTF summarizing findings, developing recommendations and presenting its final report to the Minister before October 1, 2018. Recommendations could be announced as part of Small Business Week October 2018 and also considered for Budget 2019.

Last update August 2018

Appendix 2 – Online Questionnaire Results

Background

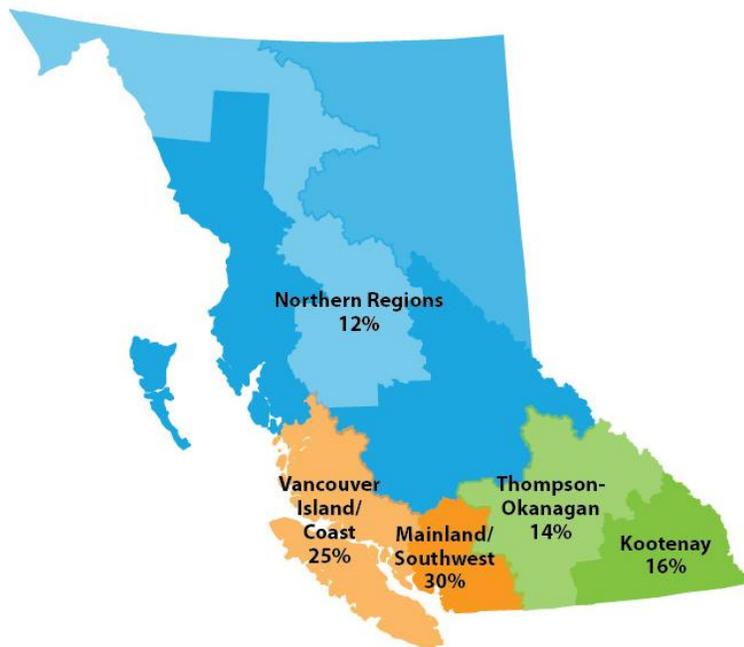
The Small Business Task Force, in collaboration with Small Business Branch staff, developed an online questionnaire to ask B.C. small businesses and stakeholders about the key challenges to success, opportunities for growth and possible actions for government to enhance support for the sector. The questionnaire, which included a series of closed-ended and written response questions, was publicly available on the B.C. Government engagement website between June 1 and 29, 2018. During this time, individuals and organizations were also invited to email their written feedback to the Task Force.

Responses to closed-ended questions from the survey were analyzed to obtain frequencies and percentages. Written responses were coded according to major themes. Cross-tabulation analysis was conducted to examine differences in responses across regions and types of businesses. Statistically significant differences (i.e., with a standard of deviation of plus or minus 5%) were highlighted, where appropriate.

Profile of Respondents

The online questionnaire received 1,069 responses from across B.C., for a margin of error of plus or minus 3%. Respondents were from all regions of the province, representing B.C.'s urban and rural small business population. About 3% of respondents were organizations that support small businesses.

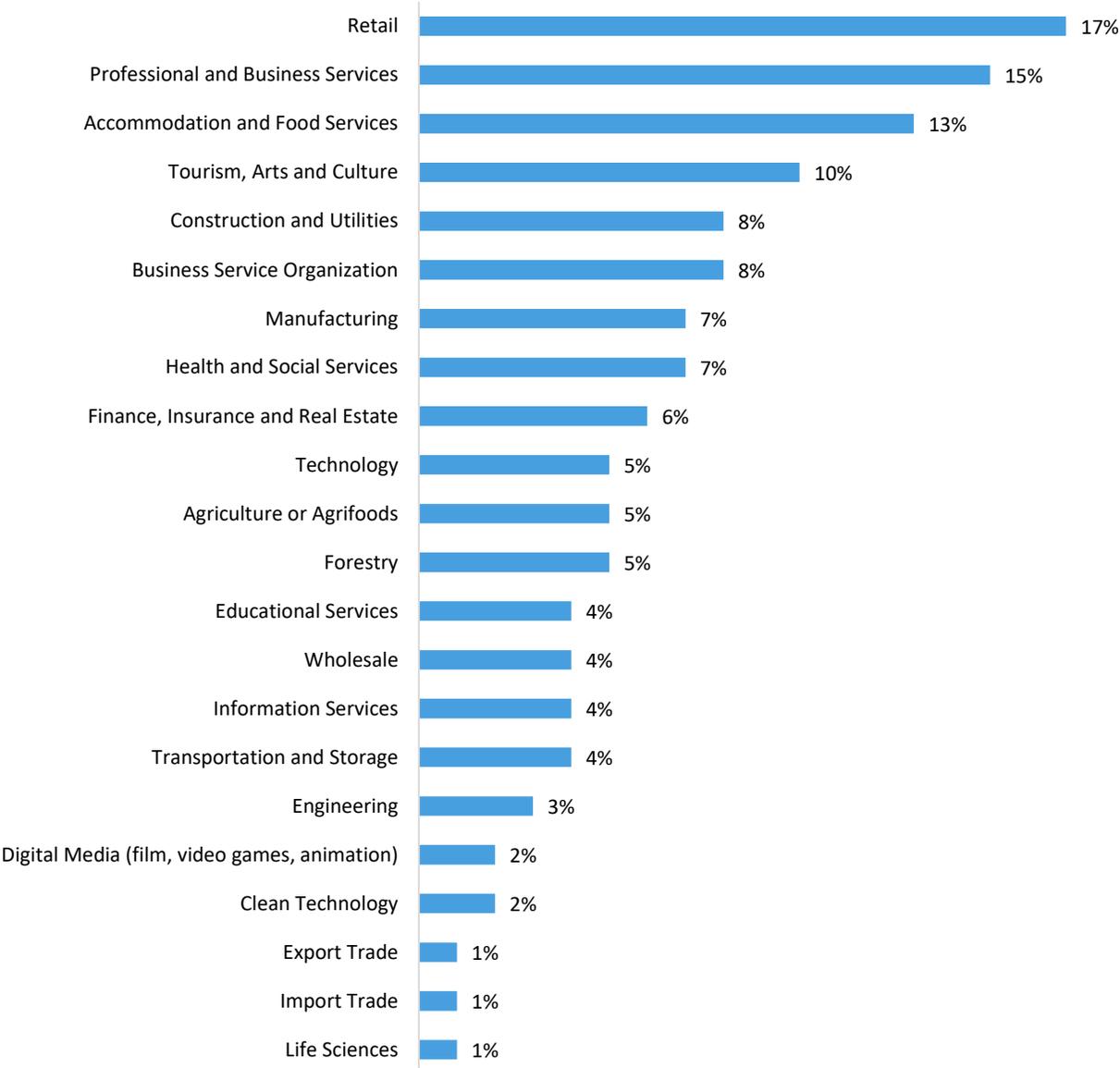
In which region of B.C. is your business primarily located? (n=1,042)



Note: Northern includes Cariboo, Northeast, North Coast and Nechako.

Over 90 different industries were represented, ranging from retail, professional and businesses services, tourism, arts and culture, real estate, mining to clean technology and life sciences. The most commonly represented sectors were retail (17%), professional and business services (15%) and accommodation and food services (13%).

Which industry does your business operate in? (n=1,068)

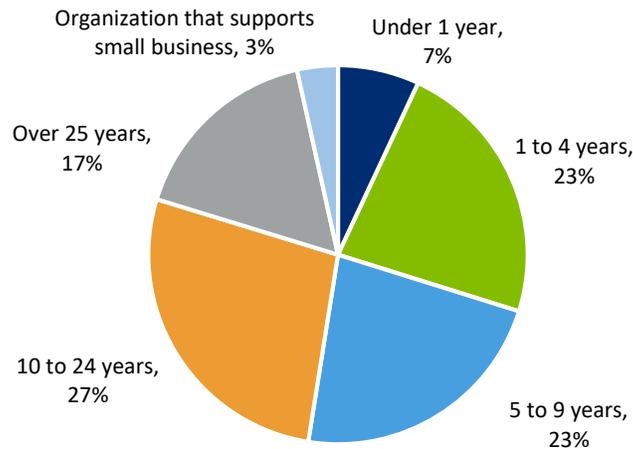


Fourteen percent (14%) of respondents indicated other specific industries such as automotive repair and services, fitness, food and restaurant, pet industry, real estate, digital marketing and media, mining and mineral exploration, landscaping, recycling, architecture, consulting and training, entertainment and visual arts, esthetics, business improvement association, pest control, bakery, Chamber of Commerce, marketing and communications, environment and sustainability and legal services, among other industries mentioned.

Note that a cross-tabulation analysis was attempted by industry, however, due to the low number of responses per industry, statistically significant differences and inferences could not be obtained.

A variety of business ages were represented. Twenty-three percent (23%) of businesses responding had been in operation for 1 to 4 years, 23% had been in operation for 5 to 9 years, 27% had been in operation for 10 to 24 years and 17% had been in operation for more than 25 years. Only 7% of respondents were startups that had been in operation for less than one year.

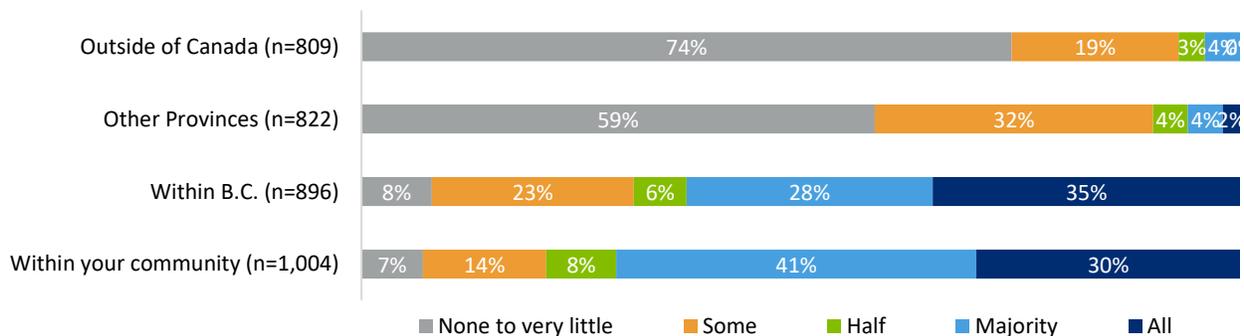
How long has your business been in operation under current management? (n=1,036)



The majority of respondents indicated they conduct most of their business within their community and B.C.

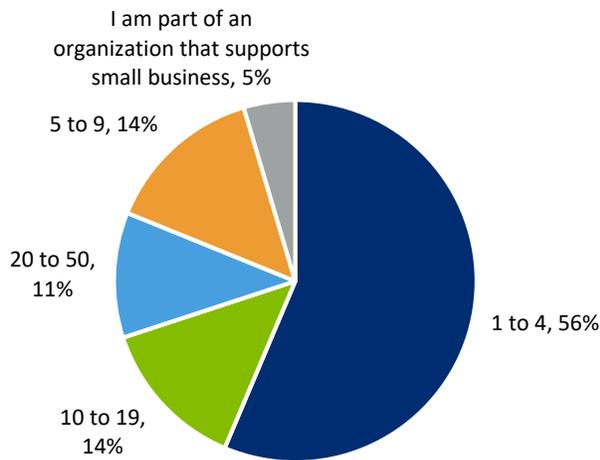
Seventy-one percent (71%) of respondents indicated they conduct half or all of their business in their community and 63% indicated they conduct half or all of their business in B.C. Over one-quarter of the small businesses responding indicated they conduct at least some business outside of Canada and 42% conduct at least some business in other provinces.

On average, how much of your business is conducted within your community, B.C., in other provinces, outside of Canada?

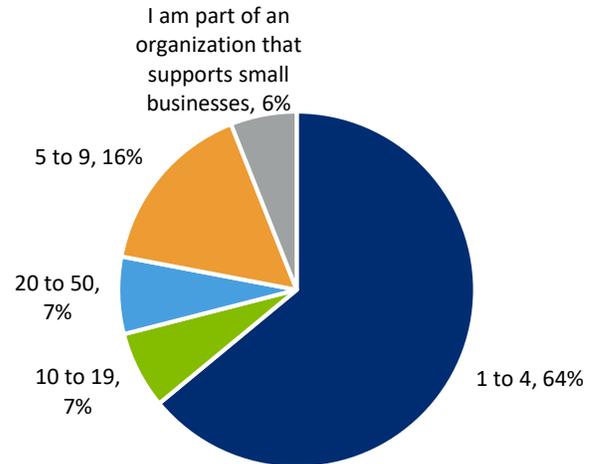


Most respondents were micro businesses. Fifty-six percent (56%) of respondents reported having 1 to 4 full-time staff and 64% reported having 1 to 4 part-time or seasonal staff.

How many full-time staff (including yourself) does your small business have? (n=1,045)



How many part-time or seasonal staff does your small business have? (n=747)

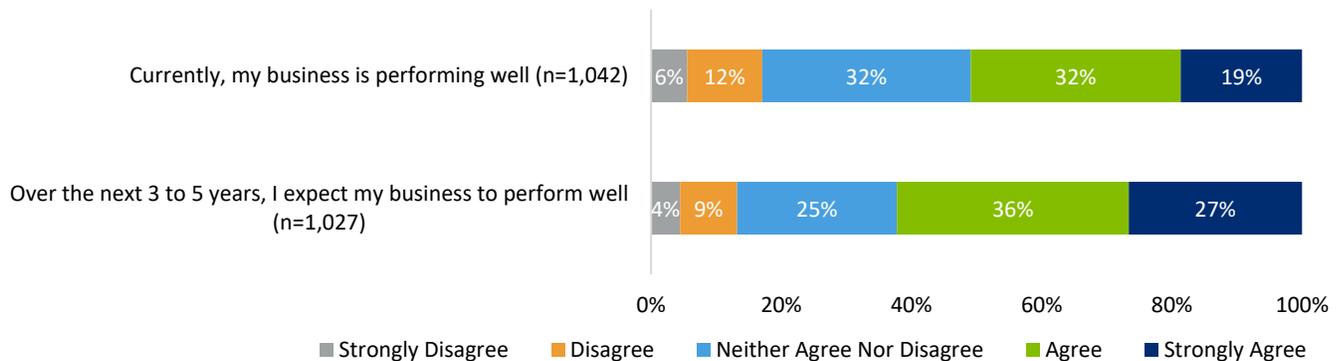


Summary of Results

CURRENT AND FUTURE PERFORMANCE OUTLOOK

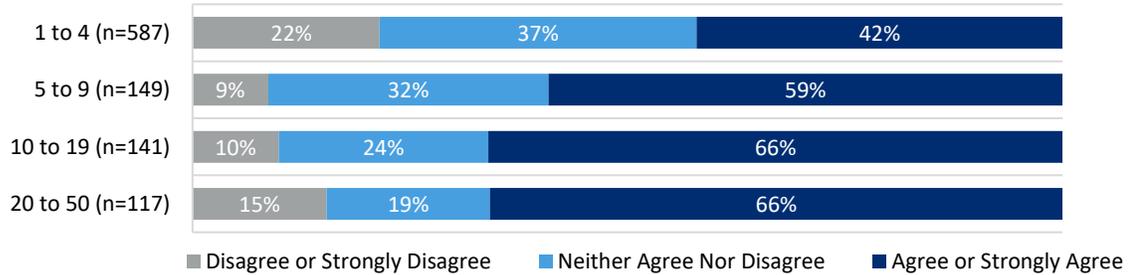
Most respondents indicated that their business is performing well and that they have a positive outlook for the future. Half of respondents (51%) agreed their business is currently performing well. About two-thirds (63%) of respondents expect their business will perform well in the next three to five years.

Please rate your level of agreement with the following statements:

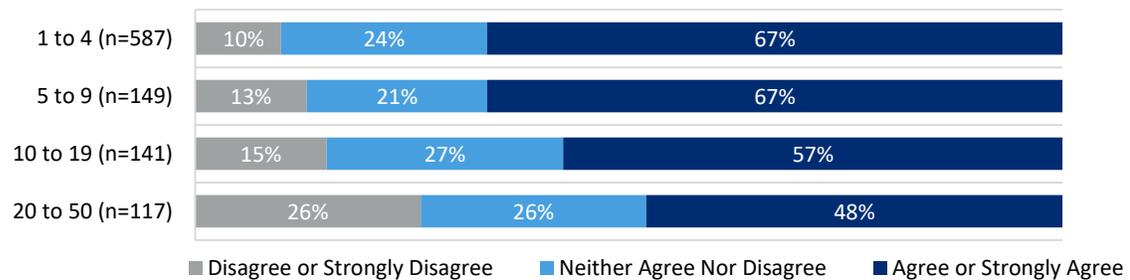


Business confidence and outlook varied somewhat by business size and region. Micro businesses with fewer than five employees were less likely to report their business is performing well currently but were more optimistic about future performance compared to larger small businesses with 20 to 50 employees.

**Please rate your level of agreement with the following statement:
Currently, my business is performing well**

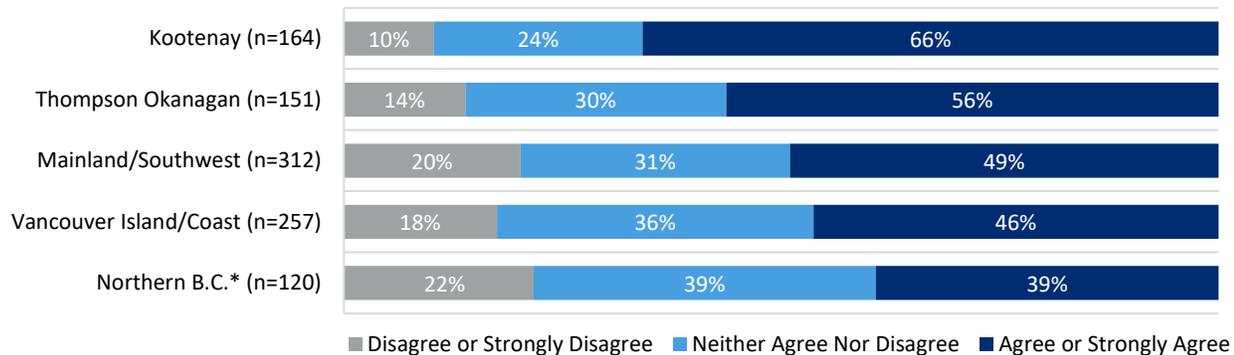


**Please rate your level of agreement with the following statement:
Over the next 3 to 5 years, I expect my business to perform well**



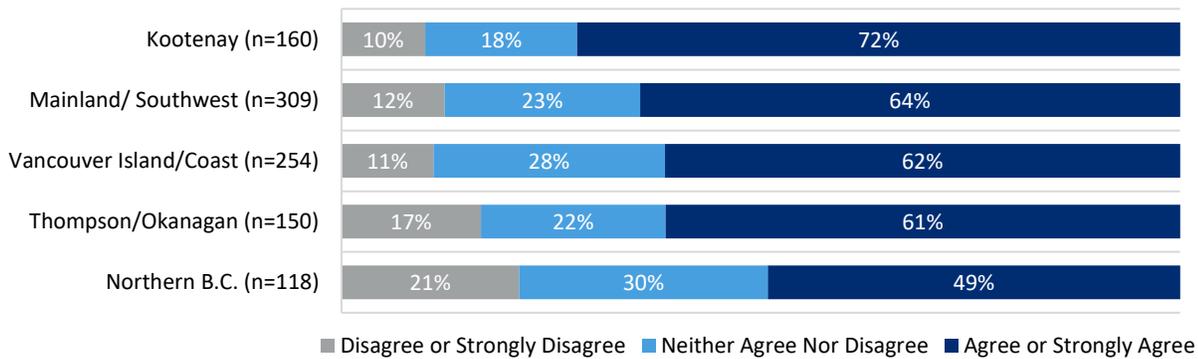
Small businesses in the Kootenay, Thompson Okanagan, Mainland/Southwest and Vancouver Island/Coast regions were more likely to report strong current and future anticipated performance. In contrast, businesses in B.C.'s northern regions defined here as the Cariboo, Northeast, North Coast and Nechako regions were less likely to agree their business is performing well or have a positive outlook for the future.

**Please rate your level of agreement with the following statement:
Currently, my business is performing well**



*Note: Northern B.C. includes Cariboo, Northeast, North Coast and Nechako.

*Please rate your level of agreement with the following statement:
Over the next 3 to 5 years, I expect my business to perform well*

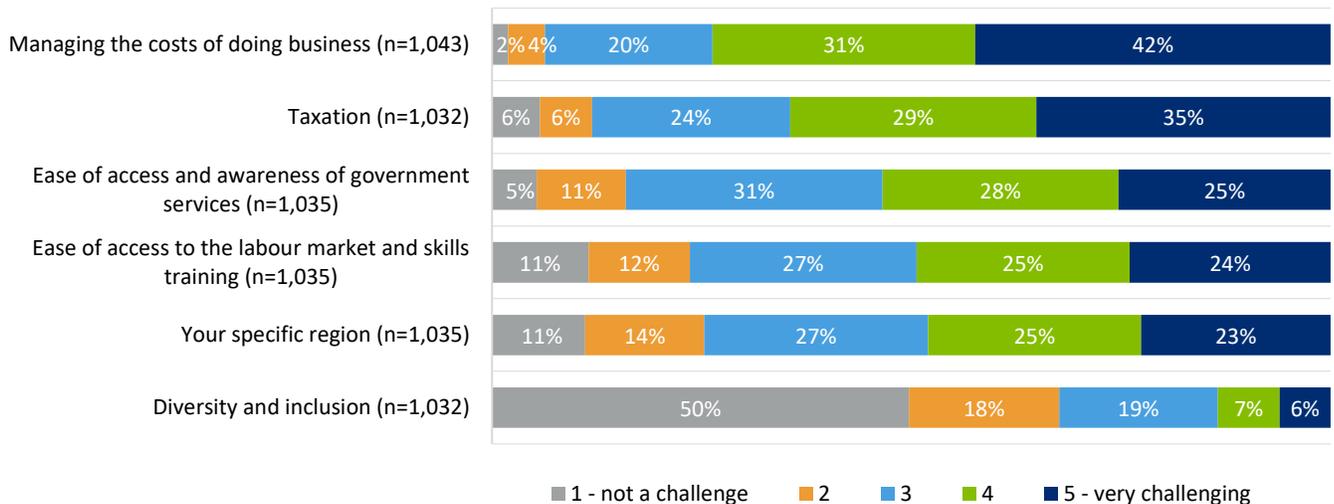


*Note: Northern B.C. includes Cariboo, Northeast, North Coast and Nechako.

CURRENT CHALLENGES AFFECTING SMALL BUSINESSES AND OPPORTUNITIES FOR ACTION

Among the topics reviewed, businesses most frequently viewed managing the cost of doing business and taxation as the top challenges they face. Seventy-three percent (73%) of small businesses responding viewed managing the cost of doing business as a major challenge (selected 4 or 5 out of 5, where 5 is very challenging) and 64% indicated that taxation was a major challenge. Opinions were somewhat mixed with respect to challenges related to ease of access and awareness of government services and the labour market and skills training and whether their region presented a challenge. Most respondents did not see diversity and inclusion as a major challenge faced by their business.

On a scale of 1 to 5 please rank how challenging the following are for your small business:



The following paragraphs provide a more detailed summary and analysis of responses related to each of these challenges as well as suggested opportunities for government action.

Managing the Cost of Doing Business

Most respondents viewed the cost of doing business as a major challenge, particularly older, larger businesses and businesses in Northern B.C. and the Thompson/Okanagan region. Overall, 42% of respondents ranked managing the cost of doing business as very challenging (5 out of 5 rating), 31% provided a rating of 4 and 20% provided a rating of 3. Only 2% of respondents indicated that managing costs is not a challenge and 4% provided a 2 out of 5 rating.

On a scale of 1 to 5 please rank how challenging the following is for your small business:

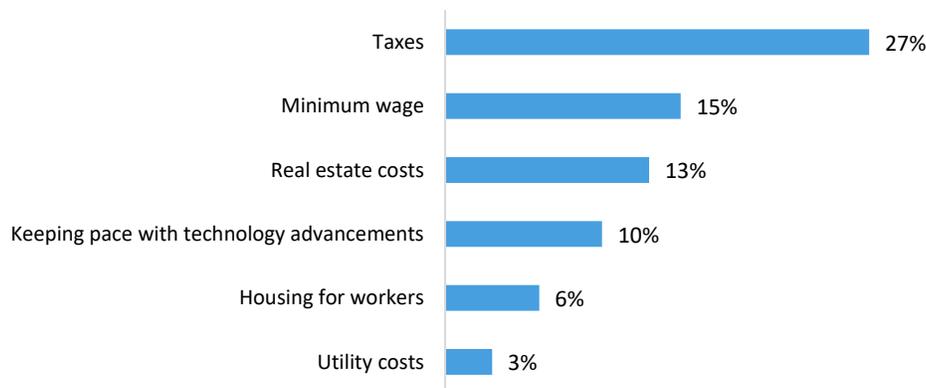


Businesses that more frequently reported managing costs was very challenging (5 out of 5 rating), included:

- Businesses in Northern B.C. (48%) and Thompson/Okanagan (49%);
- Businesses operating for 5-9 years (46%) and more than 25 years (52%);
- Businesses with 5-9 (47%), 10-19 (49%) and 20-50 (59%) full-time staff; and
- Businesses with 10-19 (57%) and 20-50 (64%) part-time or seasonal staff.

The most frequently mentioned costs included taxes, minimum wage costs and real estate costs. Twenty-seven percent (27%) of respondents indicated that taxes were the greatest challenge impacting their cost of doing business, followed by minimum wage costs (15%) and real estate costs (13%). One-quarter of respondents also listed other costs including staff costs, higher costs faced by northern and rural remote businesses, paperwork costs, shipping and transportation, communications and start-up costs.

What is the greatest challenge impacting the cost of doing business in your community? For example: Property values in parts of B.C. have increased considerably, creating a number of pressures on businesses (n=1,037)



Differences in responses across regions and types of businesses included:

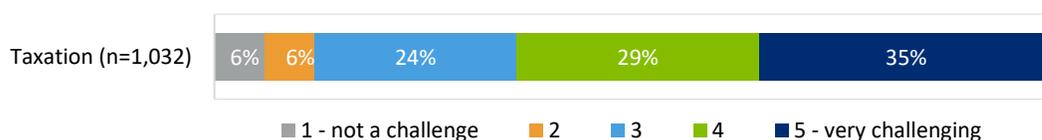
- **Taxes** were a bigger challenge for businesses operating for more than 25 years (38%), businesses with 10-19 full-time staff (35%) and businesses in the Thompson/Okanagan (37%) and Northern B.C. (35%);
- **Minimum wage** was a bigger challenge for businesses with 20-50 full-time staff (32%) and businesses in the Thompson/Okanagan (24%);

- **Real estate costs** were a bigger challenge for businesses operating for less than one year (27%), businesses with 1-4 full-time staff (15%) and businesses in the Mainland/Southwest (18%) and Vancouver Island/Coast (13%);
- **Keeping pace with technology advancements** was a bigger challenge for businesses with 1-4 full-time staff (14%);
- **Housing for workers** was a bigger challenge for businesses with 10-19 full-time staff (11%) and 20-50 full-time staff (9%) and businesses in Kootenay (9%), Vancouver Island/Coast (8%) and Mainland/Southwest (7%); and
- **Utility costs** were a bigger challenge for businesses in Northern B.C. (6%), Vancouver Island/Coast (6%) and Kootenay (6%).

Opportunities for Action: Taxation

A large proportion of respondents viewed taxation as a major challenge, particularly businesses operating in the Thompson/Okanagan region and larger, older small businesses. Overall, 35% of respondents ranked taxation as very challenging (5 out of 5 rating), 29% provided a rating of 4 and 24% provided a rating of 3. Six percent (6%) of respondents indicated that taxation was not a challenge and 6% provided a 2 out of 5 rating.

On a scale of 1 to 5 please rank how challenging the following is for your small business:

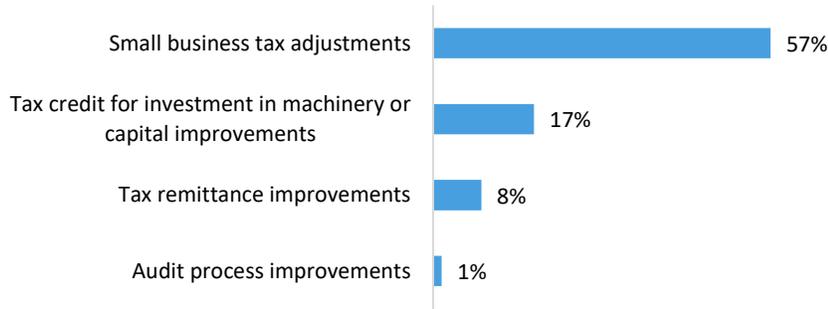


Businesses that more frequently reported taxation was very challenging (5 out of 5 rating), included:

- Businesses in Thompson/Okanagan (46%);
- Businesses operating for more than 25 years (48%);
- Businesses with 20-50 full-time staff (64%); and
- Businesses with 20-50 part-time or seasonal staff (52%).

The most frequently mentioned solutions to address taxation costs included small business tax adjustments and a tax credit for investment in machinery or capital improvements. Fifty-seven percent (57%) of respondents indicated that small business tax adjustments would help small businesses to succeed, followed by a tax credit for investment in machinery or capital improvements (17%) and tax remittance improvements (8%). Sixteen percent (16%) of respondents listed other possible solutions such as reducing the cumulative tax burden, reintroducing the Harmonized Sales Tax, reducing commercial property taxes and reducing the Employer Health Tax.

What potential tax-related incentive or initiative would help small businesses succeed in B.C.? (n=1,028)



There were no substantial differences in responses across regions or types of businesses.

Fostering Awareness of and Access to Government Services

Just over half of respondents viewed ease of access and awareness of government services as a major challenge. The level of challenge was reported similarly across all regions of B.C. and higher for startups and older small businesses. Overall, 25% of respondents ranked ease of access and awareness of government services as very challenging (5 out of 5 rating), 28% provided a rating of 4 and 31% provided a rating of 3. Five percent (5%) of respondents indicated that it was not a challenge and 11% provided a 2 out of 5 rating.

On a scale of 1 to 5 please rank how challenging the following is for your small business:



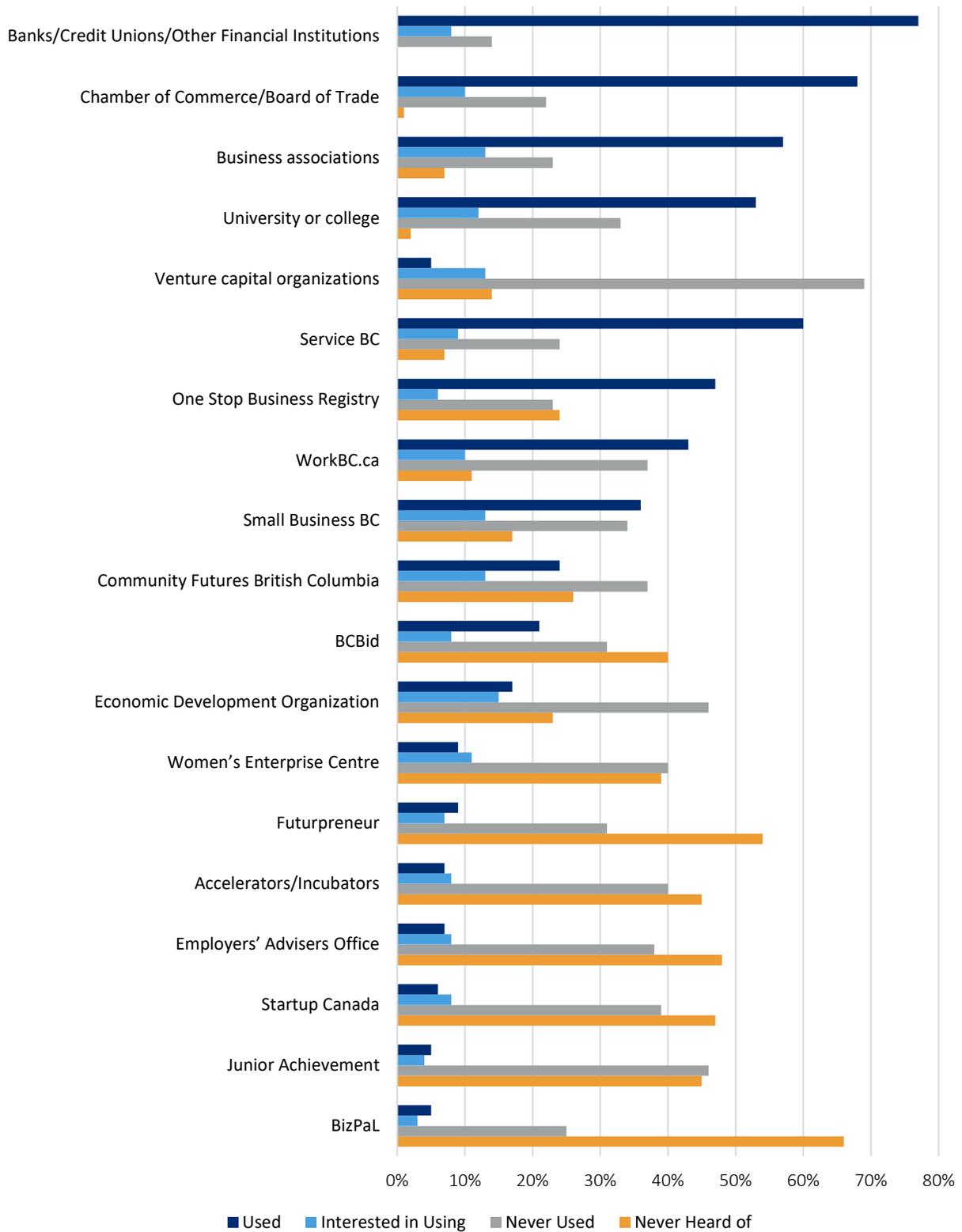
Businesses that more frequently reported ease of access and awareness of government services was very challenging (5 out of 5 rating), included:

- Businesses operating for less than one year (34%) and more than 25 years (29%); and
- Businesses with 5-9 part-time or seasonal staff (37%).

There were no substantial differences in responses across regions and number of full-time staff.

Many small businesses reported not being aware of and/or having never used most of the diverse range of available government support services and resources. However, most small businesses had heard of and used other service organizations such as banks, Chambers of Commerce, business associations and universities or colleges to get information and supports.

Please rate your level of use of the following organizations and service providers in starting or operating your small business (n= ranged from 975 to 1,013)



The following types of businesses were more likely to have **never heard** of these services:

- **BCBid**: Businesses in Thompson/Okanagan (45%);
- **BizPaL**: Businesses in Mainland/Southwest (72%);
- **Community Futures British Columbia**: Businesses in Mainland/Southwest (52%) and Vancouver Island/Coast (26%);
- **Economic Development Organization**: Businesses in Mainland/Southwest (33%);
- **Employers' Advisers Office**: Businesses in Mainland/Southwest (58%);
- **Futurpreneur**: Businesses in Kootenay (58%);
- **One Stop Business Registry**: Businesses in Mainland/Southwest (29%) and Thompson/Okanagan (31%);
- **Service BC**: Businesses in Mainland/Southwest (12%);
- **Small Business BC**: Businesses in Thompson/Okanagan (27%);
- **Startup Canada**: Businesses in Mainland/Southwest (53%) and Thompson/Okanagan (51%); and
- **Venture Capital Organizations**: Businesses in Northern B.C. (22%).

Businesses reported using a variety of sources to learn about programs and spur innovation. When asked if there are any other organizations or service providers in B.C. that they use for their small business activities, the top answers included the Canadian Federation of Independent Business (CFIB), Business Development Bank of Canada (BDC), Columbia Basin Trust, Truck Loggers Association, Business Network International, Growing Forward 2, Small Business BC, CanExport, the Independent Contractors and Businesses Association of British Columbia (ICBA), ACETECH and their accountant.

When asked where they currently go to seek advice to spur innovation within their company, businesses most often mentioned networking with other businesses, the internet or social media, colleagues or peers, a mentor, a family or friend, a Chamber of Commerce, a business advisor or accountant, industry experts or supplier, seminars or workshops, publications, themselves, a trade organization, employees, a trade show, Community Futures, clients and consultants.

The most frequently mentioned service gaps included government support programs or services, loans and financing and general business services. Forty percent (40%) of respondents indicated that there is a gap in government support programs, followed by loans and financing (38%) and general business advisory services (32%). Ten percent (10%) of respondents listed other gaps such as a lack of easily searchable information about programs, a lack of connection between program delivery and the small business community and a lack of face-to-face and telephone-based information and services.

Thinking about the organizations and service providers you have used to help you start and manage your business, in what areas do service gaps exist? (n=1,068)



Differences in responses across regions and types of businesses included:

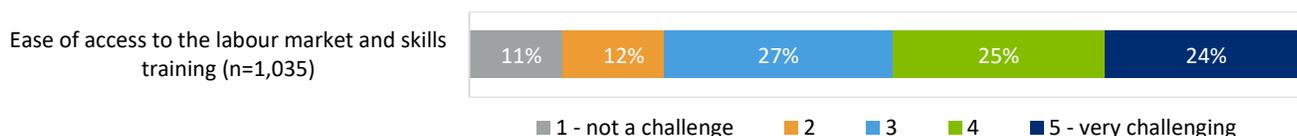
- **Government support programs or services** was more frequently recommend by businesses in the Mainland/Southwest (46%);
- **Loans/financing** was more frequently recommended by businesses operating for 5-9 years (50%);
- **General business advisory services** was more frequently recommended by businesses in the Mainland/Southwest (39%) and Vancouver Island/Coast (32%) and businesses operating for 1-4 years (35%) and 5-9 years (41%);
- **Mentoring** was more frequently recommended by businesses operating for less than one year (28%), 1-4 years (27%) and 5-9 years (26%);
- **Succession planning** was more frequently recommended by businesses in the Thompson/Okanagan (24%) and businesses operating for 10-24 years (25%);
- **In-person seminars** was more frequently recommended by businesses in the Mainland/Southwest (17%), Vancouver Island/Coast (16%) and Northern B.C. (21%); and
- **Webinars** was more frequently recommended by businesses operating for less than one year (17%).

There were no substantial differences in responses across regions or types of businesses with respect to the need for consolidated online services.

Enhancing Access to the Labour Market and Skills Training

Half of respondents viewed ease of access to the labour market and skills training as a major challenge. Challenges are experienced most by larger, older small businesses. Overall, 24% of respondents ranked ease of access to the labour market and skills training as very challenging (5 out of 5 rating), 25% provided a rating of 4 and 27% provided a rating of 3. Eleven percent (11%) of respondents indicated that it was not a challenge and 12% provided a 2 out of 5 rating.

On a scale of 1 to 5 please rank how challenging the following is for your small business:



Businesses that more frequently reported ease of access to the labour market and skills training was very challenging (5 out of 5 rating), included:

- Businesses operating for 10-24 years (27%) and more than 25 years (27%); and
- Businesses with 10-19 (30%) and 20-50 (37%) full-time staff.

There were no substantial differences in responses across businesses by region, or number of part-time or seasonal staff.

The most frequently mentioned actions government can take to help businesses meet their labour and skills training needs included more simplified government funding guidelines and increased resources for skills development. Forty-one percent (41%) of respondents indicated that the government should simplify its funding guidelines related to labour and skills training programming and the same percentage (41%) recommended increased resources for skills development. Eleven percent (11%) listed other actions government could take such as increasing access to labour, addressing training needs, supporting labour attraction and retention and providing more training grants.

**What can government do to help small businesses meet their skills training and employment needs?
(n=1,068)**



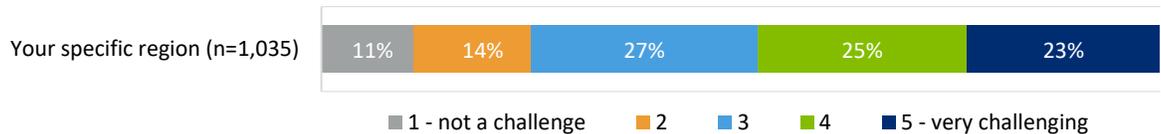
Differences in responses across regions and types of businesses included:

- **Increase resources for skills development** was more frequently recommended by businesses in the Mainland/Southwest (45%) and Vancouver Island/Coast (45%); and
- **Apprenticeship supports** was more frequently recommended by businesses in Northern B.C. (38%).

Understanding Rural and Urban Dynamics

Just under half of respondents viewed their specific region as a major challenge impacting their business. Challenges are experienced most by businesses in northern and rural and remote regions and larger small businesses. Overall, 23% of respondents ranked their region as very challenging (5 out of 5 rating), 25% provided a rating of 4 and 27% provided a rating of 3. Eleven percent (11%) of respondents indicated that it was not a challenge and 14% provided a 2 out of 5 rating.

On a scale of 1 to 5 please rank how challenging the following is for your small business:



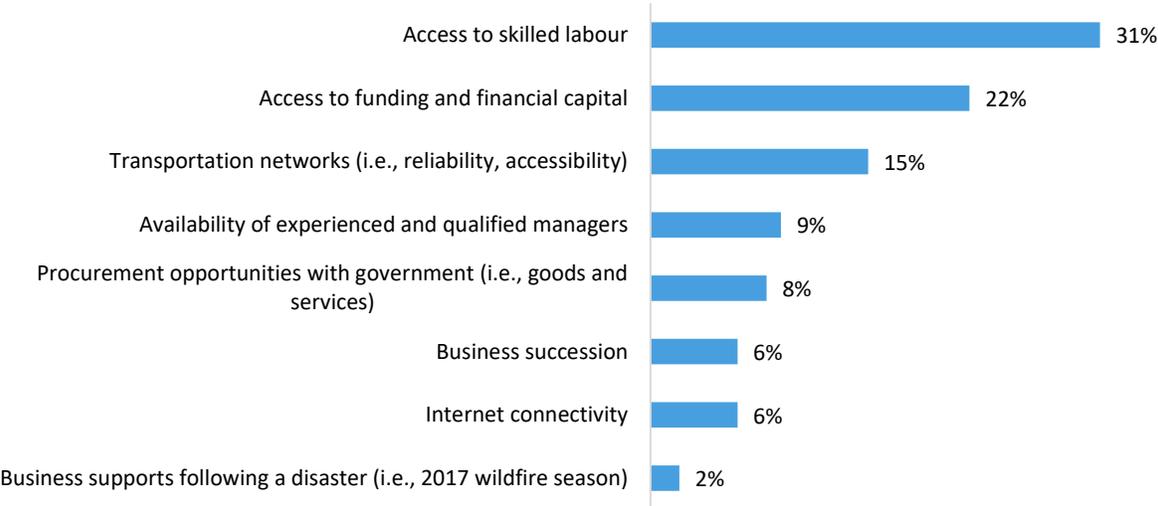
Businesses that more frequently reported their specific region was very challenging (5 out of 5 rating), included:

- Businesses in Kootenay (32%), Northern B.C. (31%) and Vancouver Island/Coast (26%); and
- Businesses with 20-50 full-time staff (31%).

There were no substantial differences in responses across businesses of different ages or number of part-time or seasonal staff.

The most frequently mentioned regional challenges included access to skilled labour, access to funding and financial capital and transportation networks (i.e., reliability, accessibility). While access to skilled labour was a bigger challenge for businesses in Vancouver Island/Coast and Thompson/Okanagan and older small businesses, urban regions and younger small businesses tended to report more challenges accessing financing and rural and northern regions tended to report more transportation challenges. Thirty-one percent (31%) of respondents indicated access to skilled labour was a primary regional challenge, followed by access to funding and financial capital (22%) and transportation networks (15%).

*What is the primary challenge you face as a small business owner or start-up located in your region of the province?
(n=1,005)*



Differences in responses across regions and types of businesses included:

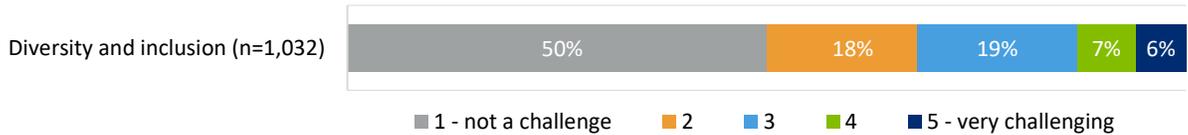
- **Access to skilled labour** was a bigger challenge for businesses in Vancouver Island/Coast (37%) and Thompson/Okanagan (34%) and businesses operating 10-24 years (37%) and more than 25 years (41%);
- **Access to funding and financial capital** was a bigger challenge for businesses in Mainland/Southwest (27%) and Thompson/Okanagan (24%) and businesses operating less than one year (46%), 1-4 years (33%) and 5-9 years (26%);
- **Transportation networks (i.e., reliability, accessibility)** was a bigger challenge for businesses in Kootenay (21%), Northern B.C. (18%) and Vancouver Island/Coast (17%);
- **Availability of experienced and qualified managers** was a bigger challenge for businesses in Mainland/Southwest (12%) and Thompson/Okanagan (11%);
- **Procurement opportunities with government (i.e., goods and services)** was a bigger challenge for businesses in Northern B.C. (14%) and Mainland/Southwest (10%);
- **Internet connectivity** was a bigger challenge for businesses in Kootenay (14%) and Northern B.C. (9%); and
- **Business supports following a disaster (i.e., 2017 wildfire season)** was a bigger challenge for Thompson/Okanagan (6%) and Northern B.C. (3%).

There were no substantial differences in responses across regions or types of businesses with respect to business succession.

Supporting Diversity and Inclusion

Very few respondents viewed diversity and inclusion as a major challenge impacting their business. Overall, 6% of respondents ranked diversity and inclusion as very challenging (5 out of 5 rating), 7% provided a rating of 4 and 19% provided a rating of 3. Fifty percent (50%) of respondents indicated that it was not a challenge and 18% provided a 2 out of 5 rating.

On a scale of 1 to 5 please rank how challenging the following is for your small business:



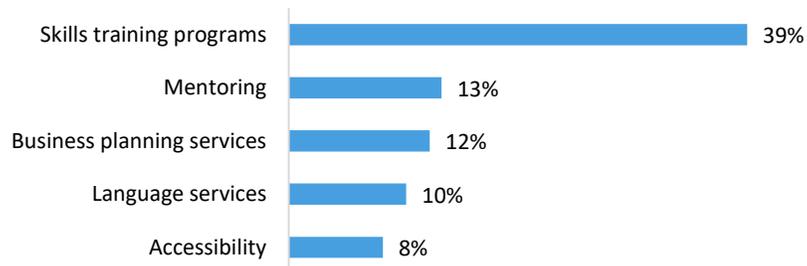
Businesses that more frequently reported diversity and inclusion was very challenging (5 out of 5 rating), included:

- Businesses with 10-19 (11%) and 20-50 (10%) full-time staff.

There were no substantial differences in responses across businesses by region, years in operation, or number of part-time or seasonal staff.

The most frequently mentioned suggestions for actions that government can take to best support diversity in small business owners and employees were skills training programs, mentoring and business planning services. Thirty-nine percent (39%) of respondents indicated that government should support skills training programs to facilitate increased diversity in business owners and employees, followed by mentoring (13%) and business planning services (12%). Twelve percent (12%) of respondents mentioned other suggestions such as facilitating increased access to financing and government procurement opportunities for diverse groups, sector development and promotion, enhanced access to services across different regions of the province and increased support for newcomer business owners. Some respondents also said Indigenous-led businesses could be further supported through funding, the development of Indigenous procurement policies and by reducing regulatory red tape. A few respondents indicated the need for the B.C. government to develop an action plan for the effective implementation of the *United Nations Declaration on the Rights of Indigenous Peoples* recommendations related to the business sector.

What can government do to best support diversity in small business owners and employees? (n=1,025)



Differences in responses across regions included:

- **Mentoring** was more frequently recommended by businesses in the Thompson/Okanagan (15%) and Vancouver Island/Coast (16%); and
- **Language services** was more frequently recommended by businesses in the Mainland/Southwest (14%).

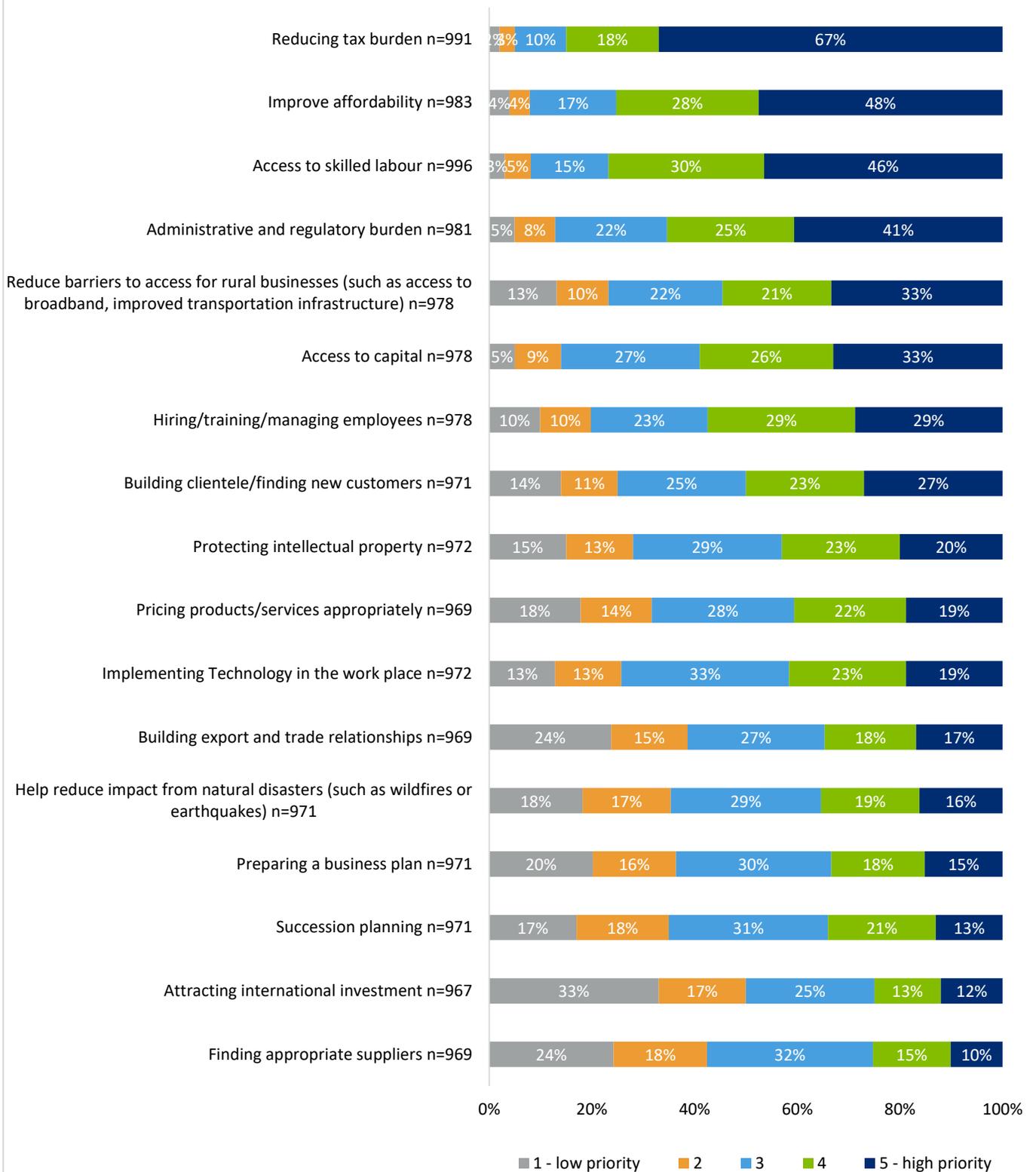
There were no substantial differences in responses across businesses by region with respect to the need for skills training programs, business planning services, or accessibility supports.

Opportunities for Enhancing the Growth and Success of the Sector

SMALL BUSINESSES' HIGHEST PRIORITIES FOR GOVERNMENT

Reducing taxes, improving affordability, increasing access to skilled labour and reducing the paperwork burden were recommended as the highest priorities for government to enhance the growth and success of the sector. As indicated in the chart on the following page, when asked on what areas the provincial government should place highest priority to enhance the innovation, success and growth of B.C.'s small businesses, most respondents identified reducing the tax burden (85% selected 4 or 5 out of 5, where 5 is a high priority). Other key priorities highlighted by the majority of respondents included continued efforts to improve affordability for British Columbians (76%), expanded efforts to increase employers' access to skilled labour to meet their job demand (76%), continued efforts to reduce the paperwork and regulatory burden (66%) and initiatives to increase access to capital for small businesses (59%) and reduce barriers to access in rural and remote communities (such as improved access to broadband and improved transportation infrastructure) (54%).

**What should be the highest priority areas for the provincial government to improve to make B.C. the best place to innovate, succeed, grow and create good jobs through small business?
(n= varied from 967 to 996)**



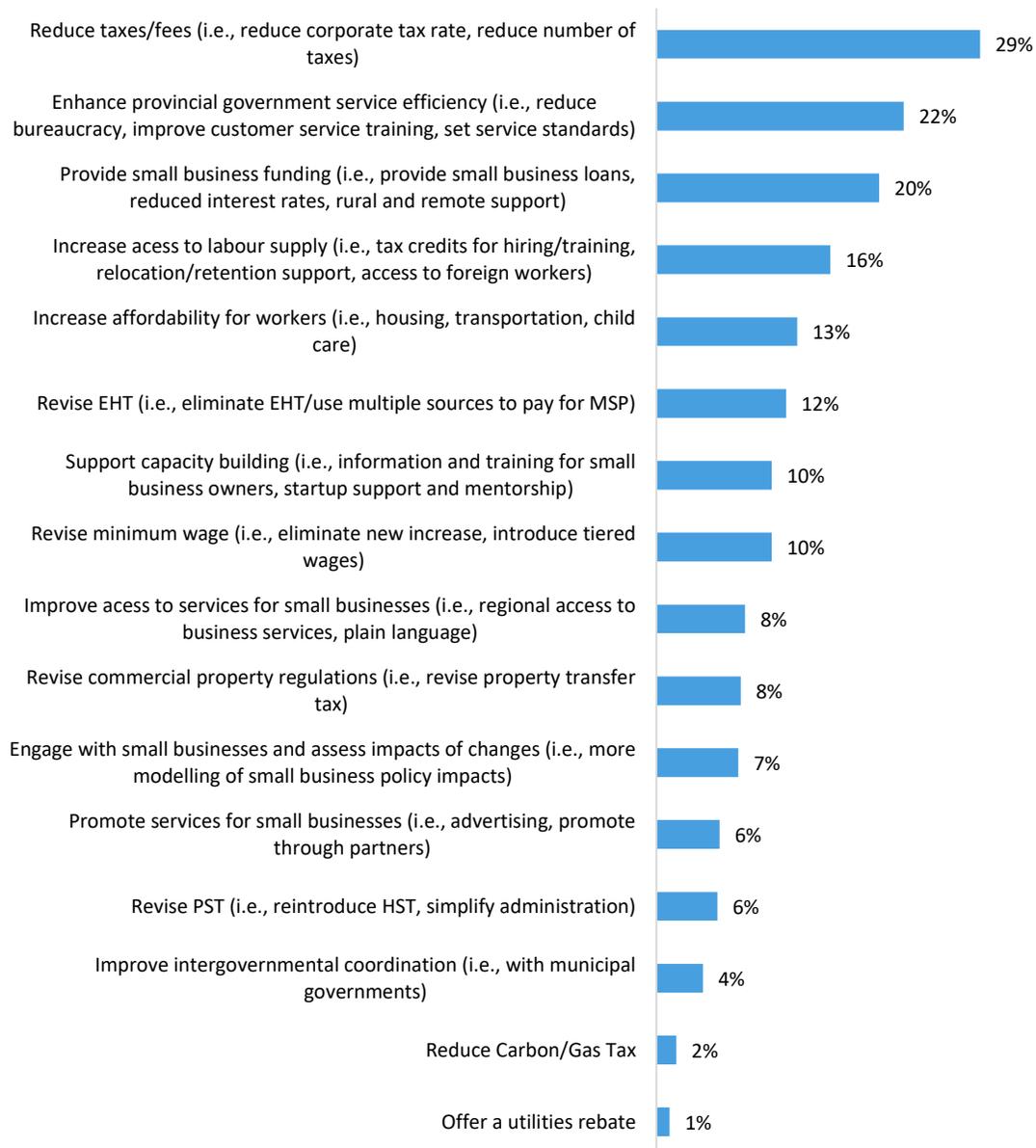
The following topics were more likely to be rated a high priority (5 out of 5 rating) by businesses in different regions:

- **Administrative and regulatory burden:** Businesses in Thompson/Okanagan (50%);
- **Attracting international investment:** Businesses in Mainland/Southwest (15%);
- **Help reduce impact from natural disasters (such as wildfires or earthquakes):** Businesses in Northern B.C. (24%);
- **Preparing a business plan:** Businesses in Northern B.C. (21%);
- **Pricing products/services appropriately:** Businesses in Northern B.C. (26%);
- **Reduce barriers to access for rural businesses (such as broadband, improved transportation infrastructure):** Businesses in Kootenay (53%) and Northern B.C. (47%); and
- **Succession planning:** Businesses in Thompson/Okanagan (20%).

SUGGESTIONS FOR ENHANCING THE GROWTH AND INNOVATION OF THE SECTOR

Respondents most frequently indicated that to make it easier for small businesses to succeed in B.C., the Province should reduce taxes and fees, enhance government service delivery, provide funding and/or financing to small businesses, increase access to the labour supply, among other suggestions. Twenty-nine percent (29%) of small businesses indicated the government should reduce taxes and fees such as the corporate tax rate, 22% indicated the government should enhance its service efficiency, 20% recommended the government provide funding and/or financing to small businesses to help them grow and 16% emphasized enhanced policies to increase the labour supply such as tax credits for hiring and training.

Based on the priorities you identified above, what can the Province do to help make it easier to succeed as a small business in B.C.? (n=566)



The following suggestions were more likely to be provided by businesses in different regions:

- **Enhance provincial government service efficiency (i.e., reduce bureaucracy, improve customer service training, set service standards):** Businesses in Thompson/Okanagan (32%);
- **Increase affordability for workers (i.e., housing, transportation, child care):** Businesses in Vancouver Island/Coast (19%), Kootenay (15%) and Mainland/Southwest (14%);
- **Support capacity building (i.e., information and training for small business owners, startup support and mentorship):** Businesses in Mainland/Southwest (13%) and Vancouver Island/Coast (12%);
- **Revise minimum wage (i.e., eliminate new increase, introduce tiered wages):** Businesses in Kootenay (21%) and Northern B.C. (16%);
- **Revise commercial property regulations (i.e., revise property transfer tax):** Businesses in Mainland/Southwest (11%);
- **Revise PST (i.e., reintroduce HST or VAT, simplify administration):** Businesses in Northern B.C. (11%) and Mainland/Southwest (7%); and
- **Offer a utilities rebate:** Businesses in Northern B.C. (5%).

Appendix 3 – In-Person Engagement Sessions

Between June 1 and 28, 10 engagement sessions were held in seven communities. Separate sessions focused specifically on Indigenous-led business were held in Terrace, Richmond and Nanaimo whereas other communities preferred integrated sessions. Locations were selected to provide a broad representation across urban, rural and northern communities and across diverse sectors. Participants included small businesses, entrepreneurs, First Nations and stakeholders.

Background

The following paragraphs describe the approach used to identify and invite stakeholders, small business owners and entrepreneurs:

- A list of small business owners was built through:
 - Outreach to Small Business BC, BC Chamber, local Chambers of Commerce, Community Futures, Boards of Trade, business improvement associations, regional economic officers, ethnic/newcomer-oriented business associations, etc.;
 - The Small Business Roundtable members providing suggested invitees, or forwarding the invitation to their contacts (e.g., CFIB & Retail Council of BC);
 - Inclusion of past winners of the Small Business BC and Junior Achievement BC awards;
 - Direct requests from small business owners to participate;
 - Local chamber and business improvement award winners from the communities located in regions where the sessions were held;
 - Previous winners of the Aboriginal Business Awards located in regions where the sessions were held;
 - Businesses featured as success stories in the Roundtable’s Annual Report and Small Business Profile; and
 - Invitations were also sent to consultation participants from previous Roundtable consultations.
- A list of business associations in B.C. was developed and invitations were sent to either the Surrey or Richmond session.
- Key sector partners, post-secondary institutions, business support organizations such as Small Business BC, Women’s Enterprise Centre, Futurpreneur, etc. were invited and some suggested additional invitees.
- An invitation was extended to the mayor in each community visited.
- Indigenous engagement sessions:
 - Introductory letters were first sent to the Chiefs of each community where in-person sessions were being held;
 - A province-wide list of Indigenous Chiefs and Councils and Indigenous business support organizations was generated and invitations were sent to all for which contact information was available; and
 - A list of Indigenous small business owners was developed in coordination with Ministry of Jobs, Trade and Technology program areas and through relationship building with local First Nations development corporations. A reserve-wide mailout was organized with Snuneymuxw First Nation’s Petroglyph Development Corp. for the session held there (Nanaimo).

- Invitations were distributed via email approximately 2 weeks prior to each session. Over 1,600 invitations were sent out.
- For a number of communities, Small Business Branch staff made follow-up calls to small business owners to encourage in-person or online participation.
- All RSVPs and walk-in participants were welcomed.

Each engagement session ran approximately two hours in duration. Depending on the size of the group, the engagement sessions used a focus group or carousel format where participants were invited to provide input on the five questions outlined in the Discussion Paper. Task Force members, Small Business Branch staff, Ference & Company consultants and Small Business Roundtable members facilitated the group discussion and recorded feedback received.

List of Participating Organizations, Associations and Governments

Below is an alphabetical listing of the associations, organizations, municipal and Indigenous governments that contributed to the in-person engagement sessions. Individual businesses are not listed to protect their anonymity.

Organizations, Associations and Chambers of Commerce

Aboriginal Business and Community Development Centre	Community Futures Central Island Community Futures Central Okanagan	Point Grey Village BIA Prince George Chamber of Commerce
Accelerate Okanagan	Community Futures Cranbrook	Prince George Farmer's Market
Aerospace Industries Association of Canada – Pacific	Community Futures Fraser Fort George	Restaurants Canada
Afro-Canadian Positive Network of BC	Cranbrook Chamber of Commerce	Retail Council of Canada
Basin Business Advisors Program	Destination BC	Richmond Chamber of Commerce
BC Co-operative Association	Fernie Chamber of Commerce	Robson Street Business Association
BC Greenhouse Growers' Association	Fraser Region Aboriginal Friendship Centre Association	Small Business BC
BC Hotel Association	GT Hiring Solutions	Southern Interior Construction Association
BC Tech Association	Independent Contractors and Businesses Association	Surrey Board of Trade
Canadian Federation of Independent Business	Indigenous Perspectives Society	Terrace and District Chamber of Commerce
Canadian Home Builders Association – Vancouver Island	Indigenous Tourism BC	Tourism Vancouver Island
Canadian Manufacturers and Exporters - BC	Innovation Island Technology Association	Trail & District Chamber of Commerce
Central Okanagan Economic Development Commission	Interior Designers Institute of BC	Tri-Cities Chamber of Commerce
Cloverdale Chamber of Commerce	Junior Achievement BC	Uptown Rutland Business Association
Coalition of BC Businesses	Kelowna Chamber of Commerce	Vancouver Economic Commission
College of the Rockies	Nanaimo Chamber of Commerce	Vancouver Island University
Community Futures 16/37	New Car Dealers Association	Volunteer Terrace
Community Futures BC	New Westminster Chamber of Commerce	Western Economic Diversification
	Northern Development Trust Initiative	Women's Enterprise Centre

Government (Indigenous, Municipal, Provincial)

City of Kelowna
City of Nanaimo
City of Prince George
City of Richmond
City of Vancouver
Ktunaxa Nation
Musqueam Indian Band
Ministry of Jobs, Trade and
Technology

Government Communications and
Public Engagement
Ministry of Indigenous Relations
and Reconciliation
Ministry of Forests, Lands and
Natural Resource (Rural
Development Division)
Petroglyph Development
Corporation

Regional District of Central
Okanagan
Province – MLA Tom Shypitka
(Kootenay East)
Province – MLA Doug Clovechok
(Columbia River-Revelstoke)
Sasuchan Development
Corporation
Te'mexw Treaty Association
Troika Developments