



5 Minutes for Business

March 7, 2019

A Budget for Business or Bust

With our GDP at a standstill, businesses need to see a focus on protecting and fostering growth in the upcoming federal budget ahead of this year's federal election. That being said, while we do not have a crystal ball here at the Canadian Chamber, we do have our ears to the ground in Ottawa and we are unsure the budget will address ongoing business concerns.

Despite the fact that businesses, like yours, are the overwhelming creator of middle-class jobs, we tend to see only piecemeal support for small businesses in budgets announced outside of economic downturns. In stark contrast, budgets delivered during the bottoms of recessions or downturns often contain a number of rousing programs that can help small businesses. Imagine how better off Canada would be if we placed the same kind of focus on enabling businesses to invest and grow ahead of economic downturns.

I think we can reasonably expect a few spending tidbits for small business owners. We anticipate a number of programs related to skills and some supports for small businesses in provinces with a carbon tax backstop. There is also the potential for the government to advance its pharmacare proposal in this budget, an issue the Canadian Chamber network has been actively engaged on.

However, we do not believe there will be anything in the federal budget that will make your lives any easier with any meaningful reduction in duplicative regulations or major tax announcements that would help kick-start our

dwindling business investment. We are overdue for a budget that address Canadian competitiveness for businesses.

What does matter to the businesses is reducing their costs, which relative to their American competitors, are significantly higher. The costs that are hurting our businesses the most are taxes, both rates and tax filing costs and time, as well as regulatory compliance.

But there are more than just costs that are limiting our growth. Canada is losing the competition for talent that drives innovation. We need the federal government to provide the kind of services that are useful for small businesses to maximize the potential of trade deals. Small businesses employ 70% of the total private labour force and that should be reason enough for governments to focus their spending on programs that help them grow and create jobs. After all, small businesses created just shy of 90% of new private sector jobs in the past decade.

The federal budget is set to be released on March 19, and only time will tell if it will keep in mind the business community's needs. With small businesses in Canada employing more than 8.2 million Canadians, this budget could be a score or bust for the federal government in its upcoming election.

For more information, please contact:

Trevin Stratton, Chief Economist

tstratton@chamber.ca