

BBOT POLICY BULLETIN

MAKING GOVERNMENT ENVIRONMENTAL PROGRAMS AND INCENTIVES MORE OPEN TO SMALL BUSINESSES

Opening Statement

Engaging the business community will be an essential part of successful climate change actions in BC, and that includes small businesses. However, too often small businesses are shut out of government environmental programs because of their scale, complexity, and up-front funding requirements. As the provincial government moves to implement its CleanBC program and other environmental initiatives, it should look to make more of its programming open and accessible to small businesses.

Background

Empowering the business community to increase its sustainability can not only address greenhouse gas emissions and other environmental and climate concerns, it can improve BC's economic competitiveness through job creation, reinvestment, and improved business resiliency. But too often small businesses are being left behind in this effort.

Given the sheer number of small businesses, we cannot afford to overlook this segment of our business community when it comes to increasing sustainability. According to the 2018 Small Business Profile from the provincial government, there are 501,300 total businesses in BC. Of those, 98% of those classify as a 'small business' with under 50 employees, and fully 83% have 5 or fewer employees. However, despite their small size, these small businesses contribute 35% of our provincial GDP and create 1.1 million jobs. With this pool of businesses there exists a tremendous market for sustainability initiatives involving transportation, machinery, business processes, and the built environment.

Engaging this nearly half a million small businesses in BC to improve their environmental efficiency should be a fundamental part of any government sustainability efforts. This will not only generate emission reductions, efficiencies and improvements at individual businesses, it will create leaders and advocates for sustainability amongst the small business community, in turn encouraging others to act. It is one thing to engage and support large emitters and major industry, but if widespread behaviour change is desired in the area of sustainability, helping small businesses to participate is required.

Small businesses often look to government for supports to help them invest in and adopt greener technologies, products and processes, and many time they look in vain. But even where government programs do exist, they often are not designed with small businesses in mind, and exclude this segment of our business community. To help small businesses participate in needed sustainability actions, the provincial government needs to address the issues of scale, complexity, and up-front funding in their incentive and funding programs to allow more small businesses to avail themselves of these initiatives.

Reduce Scale

Given that efficiency projects undertaken by small businesses would tend to be on a smaller scale, funding initiatives need to allow for more minor projects. Government programs to help fund new environmental practices or equipment tend to focus on large businesses and major industry. For example, while the province's recent 2019

budget provides \$168 million for incentive programs to help fund emission reduction projects and incentivise reducing emissions, it is targeted only at “large industrial operations, such as pulp and paper mills, natural gas operations, and refineries and large mines.” Another example which spans both provincial and federal jurisdictions is the *Low Carbon Economy Fund*, which pledged \$2 billion in funding for projects that will, among other things, help businesses find innovations to increase their energy efficiency and productivity. However, only a small portion of the fund is accessible to the private sector, and that is limited to projects of \$4 million or more---with the government funding only 25%---cutting out a significant number of businesses which would not have need or capacity for projects of that scale.

Reduce Complexity

Second, as small business owners do not often have personal expertise in this area or dedicated staff available to assign to this, government programs should be made easier to find, navigate, and apply for. Currently, funding and incentive programs stretch across various departments, agencies, and crown corporations, not to mention whole levels of government themselves. Once a program is found, the application and reporting process can be lengthy and cumbersome. Albeit warranted for large-scale investments, if the scale of these programs is to be smaller, the application and reporting process should be simpler as well.

Reduce Up-Front Costs

Finally, provincial government programs, incentives and rebates need to offer more up-front funding to allow small businesses without significant reserve capital or cash flow to participate. The costs borne by small businesses of improving energy efficiency can be substantial and can prevent businesses from taking such actions in the first place. Many small businesses do not have the fiscal capacity to finance up-front energy efficiency upgrades themselves, and thus many do not. Many other businesses may be reluctant to take on debt from financing or loans specifically for energy efficiency projects and therefore again opt-out. It is irrelevant if a rebate or incentive program will ‘pay for itself’ over time if a small business is only able to plan quarter to quarter, or one fiscal year in advance.

The Burnaby Board of Trade recommends that the Provincial Government make future sustainability programs, incentives and CleanBC initiatives more available to small businesses by:

- a. Lowering the size/cost that a project or initiative must be to be eligible for a government program to address the issue of scale**
- b. Simplify and streamline the application and reporting process of government programs to reduce complexity**
- c. Offering more up-front funding and supports as opposed to rebates and reimbursements to reduce the initial hard costs borne by small business applicants**