

Small business, big decisions

– 2024 provincial election –

Jairo Yunis, *Director of British Columbia and Western Economic Policy*

Emily Boston, *Senior Policy Analyst, British Columbia*





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Overview

On October 19th, British Columbians will head to the polls to vote on the future of our province. This election carries significant implications for both residents and business owners, as its outcome will determine the direction of important policy files like housing, crime and safety, healthcare, and the economy. Each of these areas are critical to the well-being and prosperity of the province, and the decisions made by our elected officials will have lasting impacts on our communities and daily lives.

However, **70% of BC small businesses believe their concerns and priorities will not be adequately addressed in the upcoming provincial election**, reflecting a disconnect between small business owners and political leaders. As political parties develop their platforms, it is crucial that they consider the vital interests of small businesses—the backbone of our economy and communities.

This platform employs recent CFIB member survey data and shares insights into small businesses voting plans, platform priorities, and how they rate the importance of different policy options to address current challenges. By highlighting these perspectives, we aim to ensure that the voices of small business owners are heard and considered to ensure party platforms include policies that support their growth and success.



Key takeaways

- A record **41%** of small businesses say they have **not yet decided who to vote for**.
- The current economic climate is **delaying 75% of small business owners retirement plans**. Another **79%** believe new entrepreneurs have less opportunities to start a successful business than those who came before them.
- The majority (**87%**) of small business owners say **reducing the cost of doing business** is their top priority for party platforms, but social issues like healthcare and crime and safety are a growing concern.
- **94%** of small business owners cite **reducing or freezing payroll costs** as the most important policy measure for their business ahead of the election, with over **90%** of them supporting a lower small business tax rate, an increased deduction threshold, a reduction in the general corporate income tax rate, and lower fuel taxes.

Economic outlook

As the province grapples with sluggish economic growth, dwindling business investment, and large public deficits, uncertainty and financial strain are severely impacting business confidence and decision-making. CFIB's Monthly Business Barometer®, which tracks the short-term and long-term confidence of small businesses in the economy, is sitting below its historic average¹. The month of July also saw the third consecutive month of net job losses this year, suggesting growing challenges for BC's economy.

In addition, BC's investment and productivity numbers are lagging other Western Canadian provinces. For instance, business investment per private sector worker in BC (\$5,400) is the lowest in the region and 2.2 times lower than Saskatchewan's (Figure 1). Similarly, BC's business sector productivity sits at (\$57.7/hour), below the Canadian average of \$60.4/hour and lower than other natural resources provinces like Alberta and Saskatchewan (Figure 2).



BC has the **lowest** business investment per private worker in Western Canada.

Figure 1

Business investment per private worker in 2022 (\$thousands)

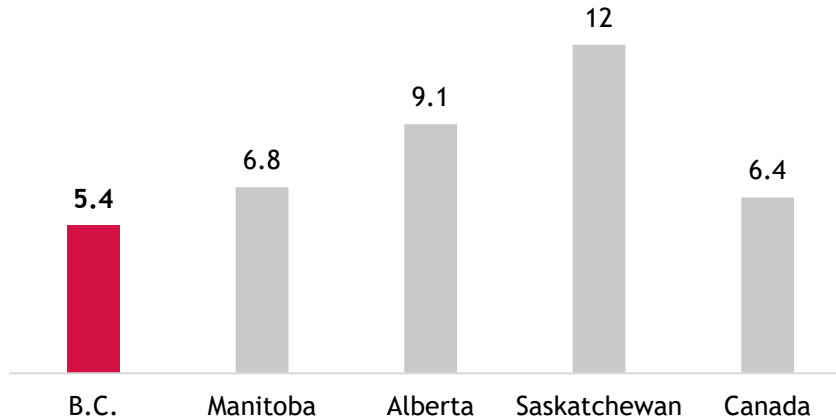
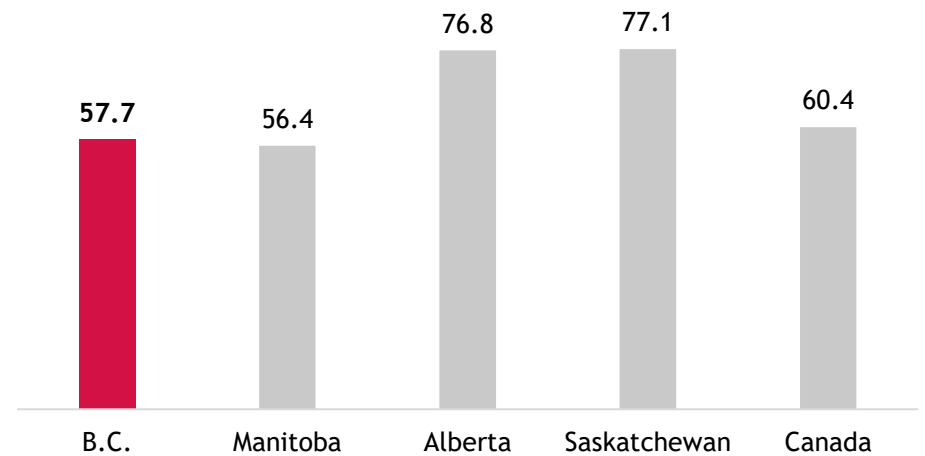


Figure 2

Business sector labour productivity (\$/hour)



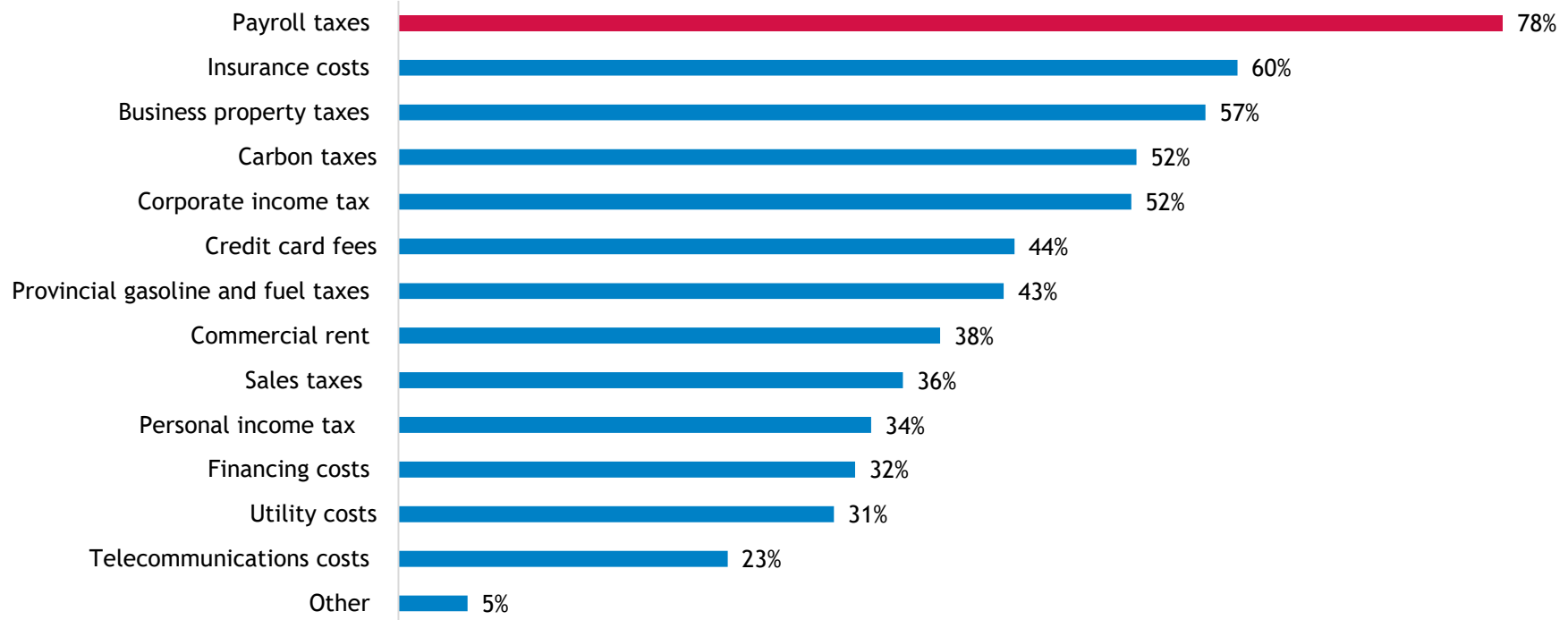
Source: CFIB analysis of Statistics Canada data, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610048001>

¹ CFIB, MBB – July 2024, n = 208.

BC small businesses also shoulder the second-highest payroll costs in Canada, trailing only Quebec (with its own provincial pension plan). Contributing factors include a provincial payroll tax with a relatively low exemption threshold, the only provincial mandatory employer-paid sick leave policy, high WorkSafeBC premiums, and Canada’s highest provincial minimum wage (\$17.40/hour). This high payroll cost burden hinders BC small businesses competitiveness. Indeed, recent CFIB member survey data shows that payroll taxes are the top cost constraint for 78% of BC small businesses, followed by insurance costs and property taxes (Figure 3).

Figure 3

BC small businesses cite payroll taxes as the most harmful cost to their operations



Source: CFIB, June Your Voice survey, June 2024, June 4-19, Final results, BC n=267

Question: Which of the following taxes and costs are the most harmful to the operation of your business? (Select all that apply) - Selected Choice

BC small business shoulder the **second-highest** payroll taxes in Canada.



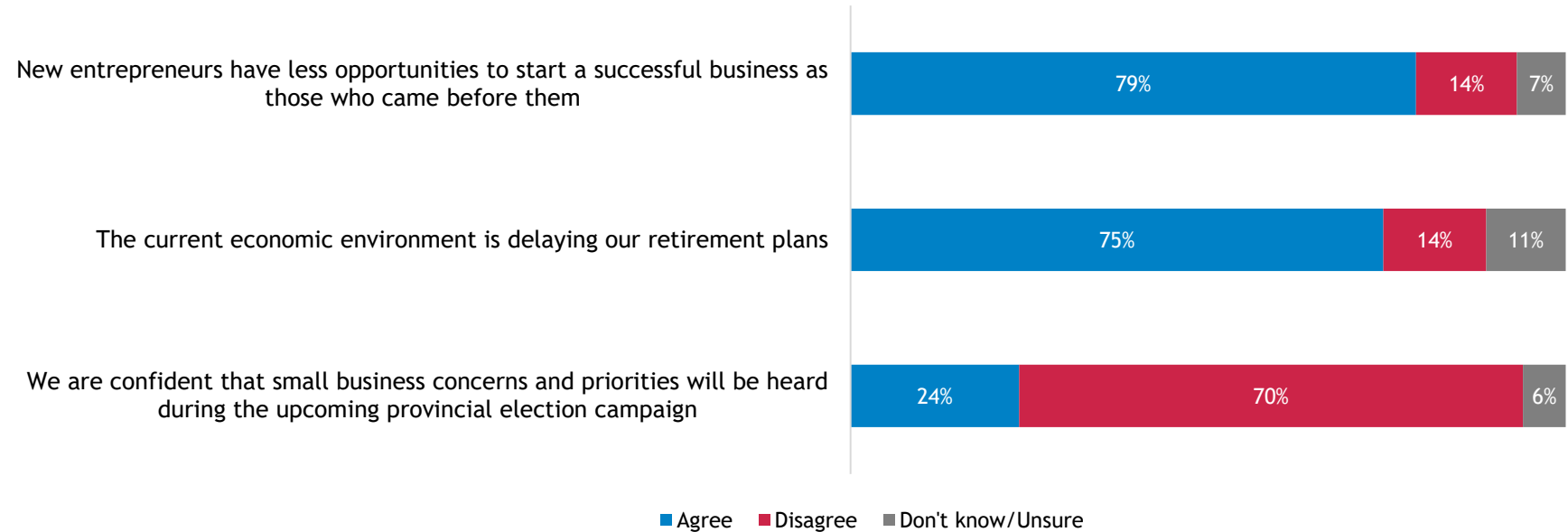
78% cite payroll taxes as their top cost constraint.

Uncertain business environment

In this challenging economic environment, small businesses are understandably uncertain about the future, with a staggering **90% lacking confidence in the provincial government's vision to foster economic growth and support their success**. For 75% of small business owners, the current economic climate has forced them to delay retirement plans, highlighting the deep financial strain they face. Even more concerning, 79% believe that opportunities for new entrepreneurs to start successful businesses have diminished, painting a bleak picture for the province's economic future (Figure 3). This widespread pessimism underscores the urgent need for policies that can restore confidence and create a more supportive environment for long-standing small businesses and new entrepreneurs alike.

Figure 4

BC small businesses are uncertain about the future



Source: CFIB, Special survey on BC Election, June 2024, June 20-July 2, Final results, n= 410

Question: Please indicate the extent to which you agree or disagree with the following statements:



79% of BC small business owners believe new entrepreneurs have **less opportunities** to start a successful business than those who came before them.



SME voting intentions

The uncertainty felt by BC small businesses is reflected in their current voting plans. When asked about their intentions for the upcoming election, **over 4 in 10 BC small businesses say they have not yet decided who they are going to vote for** (Figure 4). This represents a significant increase from the last provincial election in 2020, where only 20% of surveyed small business owners were undecided.

This surge in undecided voters suggests that small business owners are increasingly feeling overlooked in the political discourse, possibly due to a lack of clear attention or support for their unique challenges. The rise in uncertainty may also signal that many small business owners are waiting for party platforms that offer strong, actionable commitments to address their concerns and priorities, such as reducing the cost of doing business, reducing regulatory burdens, and fostering a more supportive economic environment.

This large group of undecided small business voters presents both a challenge and an opportunity for all provincial parties. By placing a greater focus on small business issues, political leaders can engage this crucial segment of the electorate, whose support could influence the outcome of the election. As parties develop their platforms, ensuring that small business priorities are clearly addressed will give small business owners a path forward to support their livelihood and the economic health of the province.

Figure 5

A record 41% of small business votes are undecided



■ I plan to vote but have not yet decided who I'm going to vote for (41%)

■ I plan to vote and have already decided who to vote for (54%)

Source: CFIB, Special survey on BC Election, June 2024, June 20-July 2, Final results, n= 438

Question: Which of the following best describes your plans for the upcoming BC provincial election on October 19, 2024?

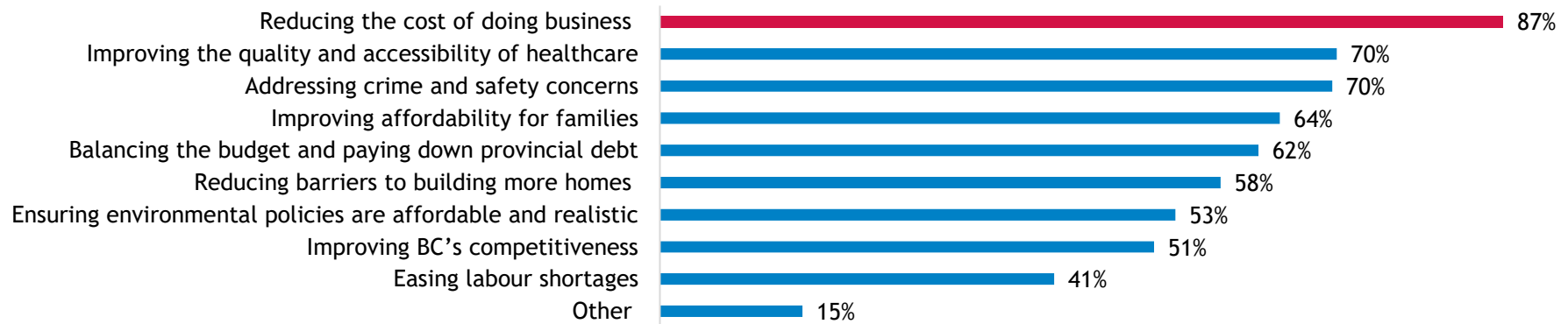
Election priorities

Small business owners have a wide variety of priorities to balance as they weigh their voting options this fall. Given the many economic and financial challenges they face it is not surprising that an **overwhelming 87% of small business owners want reducing the cost of doing business to be the top priority in party platforms** (Figure 5).

There is also a notable shift in attention to broader social issues like healthcare, crime and safety, and improving affordability for families. This reflects the reality that small business owners and their employees are also community members, directly affected by the same challenges as other residents. Addressing these issues can lead to a more productive workforce and a stronger local economy, as the well-being of small businesses is closely linked to the well-being of their communities.

Figure 6

Reducing costs is a top priority, but social issues are a growing concern



Source: CFIB, Special survey on BC Election, June 2024, June 20-July 2, Final results, n= 407

Question: Which of the following priorities would you like to see the party platforms focus on?

As the election approaches, it will be crucial for party platforms to address these diverse concerns. Small business owners are looking for comprehensive solutions that not only lower business costs but also contribute to a more vibrant society in which their businesses—and the communities they serve—can thrive.

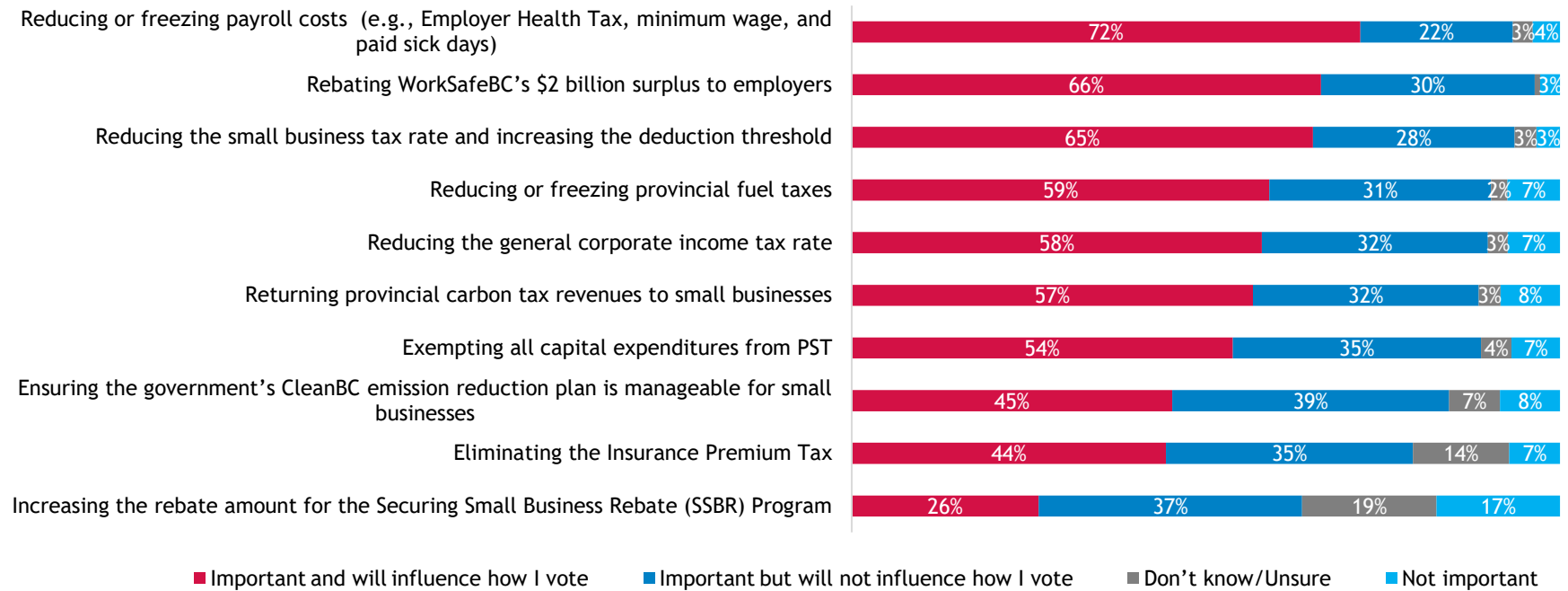
87% of BC small business owners say reducing the cost of doing business is their #1 priority for party platforms.

Top policies driving the SME vote

A vast majority of BC small businesses (94%) have identified reducing or freezing payroll costs as the most important policy measure for the upcoming election, reflecting their top cost constraint (Figure 6). To ease these cost pressures, party platforms should focus on lowering current payroll burdens and avoid proposing policy measures that could increase these costs and further strain small businesses.

Figure 7

Policy measures that reduce taxes and provide financial relief take priority this fall



Source: CFIB, Special survey on BC Election, June 2024, June 20-July 2, Final results, n= 394

Question: As a small business owner, please indicate how important each of the following measures are to your business for the upcoming provincial election. (Select one for each line)



94% of small business owners cite reducing or freezing payroll costs as the most important policy measure for their business ahead of the election.

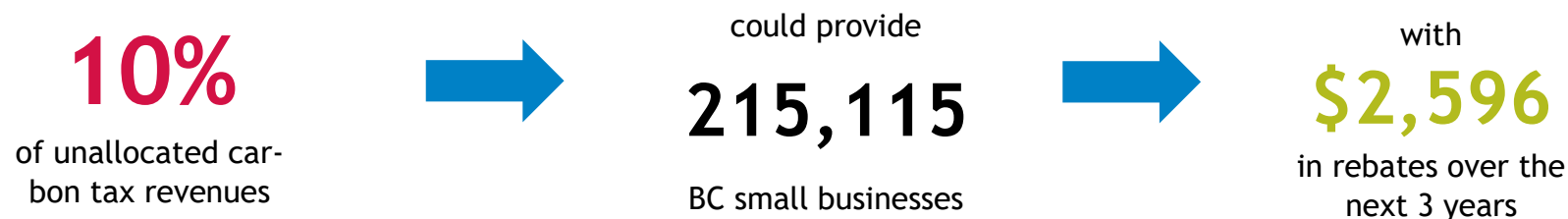


There is also strong support among small business owners for reducing key provincial taxes, with over **90% of them supporting a lower small business tax rate, an increased deduction threshold, a reduction in the general corporate income tax rate, and lower fuel taxes** (Figure 6). By easing these burdens, we can create a more favourable environment that attracts investment and stimulates the economic growth the province urgently needs.

Additionally, there is significant support (96%) for rebating WorkSafeBC’s \$2 billion surplus (Figure 6). In the current economic climate, where cash flow is tight, returning these funds could provide immediate relief to small businesses, helping them manage operational costs. Nine other provinces and territories already have policies in place to return excess workers' compensation funds to employers, highlighting the feasibility of this step in BC. This could mean rebates of almost \$700 for each employee small businesses have.

Figure 8

Returning unallocated carbon tax revenues to BC businesses



Source: CFIB calculations based on *Budget 2024: Taking Action For You*

Another way to provide financial relief is by returning a portion of provincial carbon tax revenues to small businesses, similar to the federal government’s [Canada Carbon Rebate for Small Businesses](#). For example, allocating 10% of unallocated carbon tax revenues to a *BC Carbon Rebate for SMEs* could provide 215,115 BC businesses with \$2,596 in rebates over the next three years, costing the province just **\$559 million** (Figure 7). Alternatively, the province could use unallocated carbon tax revenues to reduce the small business tax rate from 2% to 1%, which would cost only **\$475 million** over three years.

Key recommendations

Reducing payroll costs

- ✓ Increase the Employer Health Tax threshold to \$1.5 million
- ✓ Halt minimum wage increases
- ✓ Partially or fully cover the cost of paid sick days

Lowering the burden of taxes

- ✓ Reduce the small business tax rate by 1%
- ✓ Reduce the general corporate income tax rate by 1%
- ✓ Lower or suspend fuel taxes
- ✓ Exempt all capital expenditures from the Provincial Sales Tax

Providing financial relief

- ✓ Rebate a portion of WorkSafeBC's \$2 billion employer-paid surplus
- ✓ Rebate a portion of carbon tax revenues to small businesses
- ✓ Increase awareness of the Securing Small Business Rebate Program

Addressing red tape

- ✓ Measure and reduce physician administrative burden
- ✓ Remove interprovincial trade barriers
- ✓ Legislate BC's Net Zero Increment regulatory policy