Calgary Chamber

GO BIG ON SMALL BUSINESS

RECOMMENDATIONS TO SUPPORT SMALL BUSINESS SUCCESS

Calgary Chamber of Commerce
October 2024

Alberta is home to over 167,000 small businesses. Calgary is home to 63,000.

Small businesses are a big deal.

Small businesses are the heartbeat of our economy – and our city. For many of us, the things we love most about our communities are our neighbourhood coffee shop, local watering hole and the cozy bookstore down the street. Small businesses are the plant shops we wander through on lazy Sundays and the corner stores that save us in a pinch. Alberta is home to over 167,000 of these businesses, with Calgary alone hosting over 63,000 of them in 2023. With a staggering 95 per cent[1] of Calgary's businesses classified as small, these businesses drive the local economy and are vital to the culture of the city.

While Calgary is a great place to do business, affordability is a life-threatening issue for many small businesses, impacting their ability to attract and retain talent, manage operating expenses and remain competitive. When the cost of doing business increases, it limits their growth potential and decreases their profit margin. In fact, less than 10 per cent of small businesses plan to expand in the next 12 months – and over one-fifth expect to see a decrease in profits over the next three months.[2] The financial pressures small businesses face highlights the urgent need for a supportive investment climate that can drive innovation, attract investments and help them overcome affordability challenges.

The Chamber outlines several recommendations for all levels of government to strengthen the investment climate and support small businesses in Calgary – and ensure their growth and success.

Recommendations

TAX

Restructuring and reducing taxes on small businesses will decrease the financial burden and increase capital availability and cash flow enabling growth and investment back into their business.

Federal

Lower Employment Insurance premium rates for small businesses to provide direct savings to businesses and employees leading to reduced expenses and increased cash flow.

Increase the Small Business Tax Deduction threshold currently at $500,000 - unchanged since 2009 - to $750,000 and index the threshold to inflation moving forward. Increasing the threshold will allow businesses to benefit from lower tax rates as they scale, fostering growth and sustainability, and increasing the likelihood that businesses will remain in Canada as they expand.

Provincial

Eliminate the small business tax,[3] making Alberta competitive with Saskatchewan and Manitoba. This will leave more capital in the hands of small businesses, enabling them to reinvest and grow.

Reduce insurance premium tax[4] from four per cent to two per cent. For small businesses, even a small percentage change can have a significant impact on their bottom line.

Municipal

Rebalance residential and non-residential taxes,[5] adopting an incremental shift of two per cent per year for the next four years. This will lower operational costs creating more resources for growth.

Eliminating the small business tax: by the numbers

- The total revenue from the small business tax rate is expected to be **$308 million** in the 2025/2026 fiscal year – which amounts to approximately 0.4 per cent of Alberta's total annual revenue.[6]
- The provincial government could eliminate the small business tax and still maintain a **surplus over $1 billion** in the 2025/2026 fiscal year, according to budget forecasts.[7]
- Eliminating the small business tax rate could **save small businesses up to $10,000 annually**.[8]
- With 97.9 per cent of businesses in Alberta being small, an elimination of the small business tax would **benefit over 153,000 businesses in both urban and rural regions**.[9]
- Since 2020, **Manitoba has had a zero per cent small business tax rate**, and in 2020, Saskatchewan suspended the small business tax rate **saving small businesses approximately $416 million** during the suspension.[10]

LABOUR

Labour supports such as training programs, grants for hiring and wage supports can help small businesses attract and retain skilled employees, reducing turnover and training costs. They also support advancement and skill development of the existing workforce, which helps close skills gaps without requiring people to exit the labour force.

Federal

Support flexible and accessible learning, such as upskilling programs for small business, leading to a more productive workforce, which can improve business efficiency and profitability.

Increase provincial nomination limits, extending the time workers are eligible to remain in Canada and reducing the cost and complexity of performing a Labour Market Impact Assessment.[11] This can improve the employment gap experienced by multiple sectors.

Restore funding through the Labour Market Transfer Agreement[12] in support of the Canada-Alberta Job Grant Program. Noting the importance of workforce development and the ongoing labour concerns many businesses are still facing, governments need to collaborate on innovative programs to support workforce development.

Provincial

Invest in upskilling and reskilling programs to match employers' talent needs within the talent pool. Currently there is a skills mismatch,[13] evidenced by the co-existence of high unemployment rates and an ongoing labour shortage.

Reinstate the Summer Temporary Employment Program (STEP),[14] which provided small businesses a way to reduce costs and finding the right talent for their needs. Students often stay permanently after the completion of their summer term.

REGULATORY CERTAINTY

Ensuring regulatory certainty and stability at all levels of government creates a more attractive investment climate for both foreign and domestic investors. This, in turn, provides small businesses with greater access to capital, helping them grow.

Federal

Reduce granting and funding application barriers[15] including arduous application processes and long approval wait times and introduce a small business concierge service to support businesses as they navigate through various federal processes. When businesses know they can obtain necessary funding without excessive delays and financial burdens, they are more likely to invest and expand.

Provincial

Continue to reduce administrative burdens and expedite regulatory approvals for small businesses to help them grow more quickly. Additional support, including existing small business advisors, support entrepreneurs in navigating opportunities and processes related to provincial grants, procurement, permitting and more. Adding capacity is especially important for new businesses as it reduces early hurdles for establishing their businesses and plan for growth at a time when capital is limited and risk is high.

Municipal

Simplify, clarify and accelerate the process to obtain licenses and permits. Promote the Business Experience Improvement Program[16] to help businesses navigate licensing and permitting processes. The City should also provide certainty and adhere to consistent and predictable response timelines so businesses can plan for the length of time expected for various approvals.

Minimize business disruption during construction projects by collaborating with businesses during planning and increasing communication throughout the project. Timely updates and expedited project timelines can mitigate impacts to local businesses, particularly when projects significantly affect their operations and revenue generation.

Ensuring affordability and creating a robust investment climate are crucial for the growth of Calgary's small businesses. By implementing targeted labour supports, reducing taxes, and creating regulatory certainty and a stronger investment climate, governments at all levels can help small businesses thrive and contribute to the success of our economy.

The Calgary Chamber is here to help.

1. **The Chamber advocates for small businesses**. Over 85 per cent of our members are small and medium-sized businesses and are a critical driver of our advocacy at all three levels of government. With ongoing roundtables, surveys and events, our members are invited to share their challenges and recommendations for government with our policy team, who advances these ideas with governments.
2. **The Chamber helps save small businesses money**. Chamber members have access to our Member Perks Program, which provides discounts for members from members. Members also have free access to the BOOM rewards program, an online platform with hundreds of discounts from various online retailers. Finally, Chamber members can access Chambers Plan health benefits for their employees, Canada's #1 group benefits plan for small business.
3. **The Chamber convenes the business community in Calgary**, hosting over 60 events each year, helping you connect to a network of new customers, clients and partners. These events include networking events, thought leadership panels, capacity building workshops, industry roundtables, and keynote addresses by key decision makers in government.
4. **The Chamber helps small businesses grow their brand** by amplifying their content to the broader business community. Whether via advertisements in our e-newsletter or on our website, sharing details about their events, or boosting their content on our social channels, the Chamber is consistently promoting content generated by our community.
5. **The Chamber amplifies the stories of small businesses in our community**. The Chamber shines a spotlight on small business issues, sharing the opportunities and challenges with the general public through our strong voice across various media outlets and platforms.
6. **Chamber members receive discounted rates for valuable business services** such as Document Certification, Professional Headshots, and support with government grant applications.

Sources

1. Regional Dashboard, Government of Alberta.
2. Q3 Business Conditions, Calgary Chamber of Commerce.
3. Alberta government's large budgetary surplus creates an opportunity for tax reduction for small businesses, CFIB.
4. It's time to axe tax on auto insurance and provide savings to Alberta drivers, CFIB.
5. Calgary Chamber urges City Council to rebalance property tax, Calgary Chamber of Commerce.
6. Budget 2024, Government of Alberta.
7. Budget 2024, Government of Alberta.
8. Surplus of Opportunity: Tax Reduction in Alberta, CFIB.
9. Key Small Business Statistics 2023, Innovation, Science and Economic Development Canada.
10. Surplus of Opportunity: Tax Reduction in Alberta, CFIB.
11. Immigration and Citizenship: Hire a temporary foreign worker, Immigration, Refugees and Citizenship Canada.
12. Training Agreements, LMDA, Employment and Social Development Canada.
13. Determinants of skill gaps in the workplace and recruitment difficulties in Canada, Statistics Canada.
14. Summer Temporary Employment Guidelines, Ministry of Labour, Government of Alberta.
15. Despite momentum in lowering interest rates and high optimism, access to capital still a barrier for business, Calgary Chamber of Commerce.
16. Business Experience Improvement Program, City of Calgary.

Better Together.

The Calgary Chamber exists to help businesses reach their potential. As the convenor and catalyst for a vibrant, inclusive and prosperous business community, the Chamber works to build strength and resilience among its members and position Calgary as a magnet for talent, diversification and opportunity. As an independent, non-profit, non-partisan organization founded in 1891, we build on our history to serve and advocate for businesses of all sizes, in all sectors across the city.

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