

Submission to Select Standing Committee on Finance and Government Services BC Budget 2020

By the Greater Victoria Chamber of Commerce

The 2019 BC budget included promising initiatives to address affordability issues for British Columbians. We encourage the provincial government to extend that vision to include affordability for businesses and maintain a vibrant economy in 2020.

As the largest Chamber of Commerce on Vancouver Island, we represent 1,400 members doing business throughout Greater Victoria. The No. 1 concern we hear from businesses continues to be the difficulty attracting and retaining workers due to the high cost of living in our region. Housing and childcare are the two largest expenses facing workers, and the Chamber was happy to see the province make efforts to address both of these areas. The following are high-level comments that The Chamber will continue to advocate for and comment on in the months leading up to the next provincial budget in February.

Housing

British Columbians need solutions that make housing more affordable for workers. The government introduced measures that effectively cooled BC's real-estate market but did not adequately provide the type of housing we need. The Chamber encourages the provincial government to acknowledge that BC's real estate industry plays an important role as an economic driver for our province, but it is not the most effective way to ensure all workers can afford a home.

Government also needs to clearly differentiate between the type of affordable housing needed by workers and the type of housing needed to address homelessness.

The Chamber would like to see provincial initiatives that encourage investment in non-market housing for working families and incentivize long-term, low-cost rental housing for workers.

Child Care

The Chamber urges the province to continue investing in child care as an economic issue. Parents need to have access to affordable, high-quality child care in order to work, and employers need access to workers in their low unemployment economy. The province has invested heavily in moving toward a universal child care system. To further support this, we would like to see investment in training and developing more child-care workers needed to staff child-care spaces.

Climate Change

Businesses in Greater Victoria are actively working to address climate change. Our members tell us they want to be part of the solution. The Chamber would like to see the province provide incentives that recognize the importance of innovation led by business.

Immigration

Vancouver Island is facing a labour crisis. According to Work BC, there will be 150,000 job openings on the Island in the next decade. To fill these positions we will need new Canadians — the Conference Board of Canada forecasts that immigration will account for 100% of population growth by 2034. About 1,500 immigrants settle in Greater Victoria each year, out of about 300,000 welcomed into Canada. We would like to see the provincial government use all of the tools available to settle more new Canadians on Vancouver Island.

Transportation

The province is making much needed investments in transportation infrastructure in Greater Victoria. The South Island Transportation Study has the potential to provide a strategic roadmap for our region, specifically to better link residential areas with affordable housing to downtown Victoria and other centres of employment. Frequent, reliable and available public transit is essential to keeping life affordable for workers.

Employer Health Tax

The Chamber has expressed concerns that, as is, the Employer Health tax is bad for business. The tax's threshold for business payrolls is \$500,000, which is much too low. Having an additional tier for employers with payrolls above \$1.5 million creates a cliff effect that forces tough decisions about growing a business. Some employers have said they will curtail staff hours, cut benefits and avoid hiring employees to avoid a tax hit.

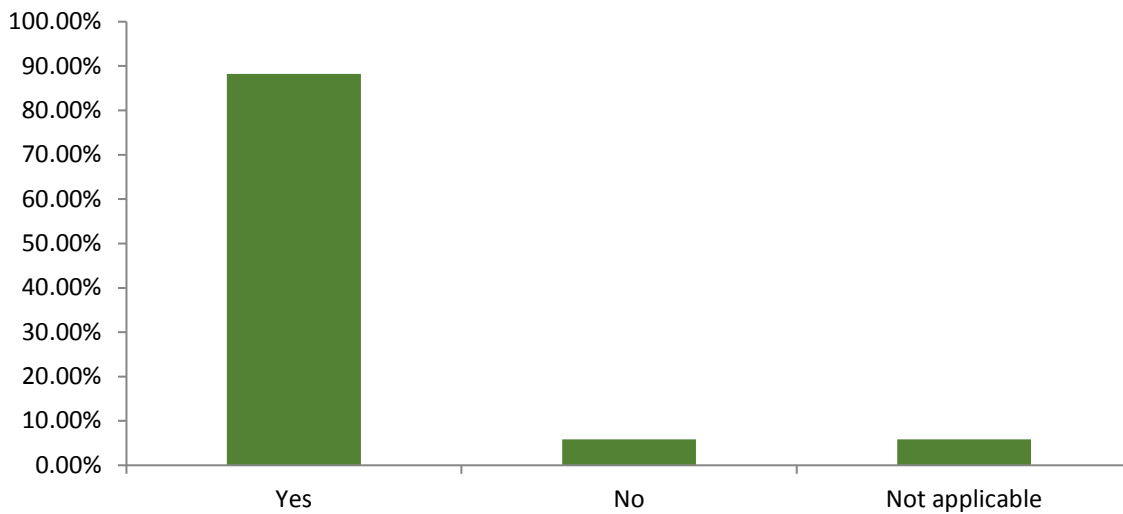
In 2019, the province is also charging businesses the EHT even if they pay MSP premiums. And while, The Chamber supports phasing out MSP, the implementation of the EHT has placed an unfair burden on many small businesses. Here are a few stories we've heard from our members:

- A therapeutic program with a very tight profit margin is facing an extra \$25,000 bill because of the EHT. This business employs highly-paid healthcare professionals and can't pass added costs on to clients, who receive a fixed amount of funding to pay for the service. The result is vulnerable people will not receive the support they need.
- An employer with a payroll of more than \$1 million told us the EHT will force them to curtail plans to offer extra benefits to staff. The frustration is compounded by the fact the company, which provides home-care service to seniors, is trying to retain skilled workers in a very difficult labour market. The sense that government is not supportive of entrepreneurs is making this employer question whether they can continue to provide a service that is in critical demand.

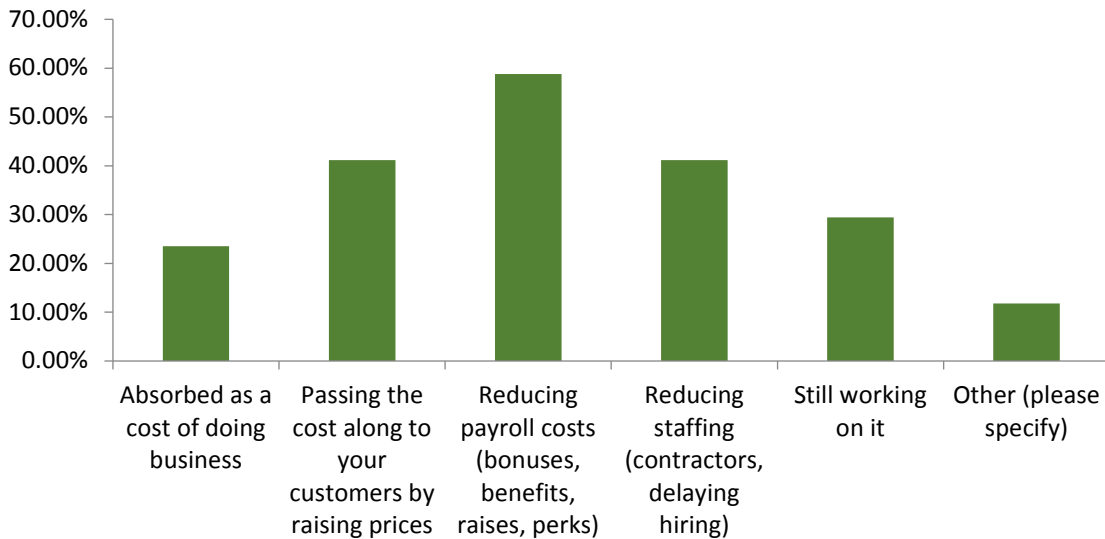
- A company has made the difficult decision to shrink its payroll to below the EHT threshold and cut back on donations to charity. The employer was frustrated with the EHT because they feel it is a cost that will be paid by middle-class families who work and spend money in BC.

The Chamber also surveyed our member businesses about the impact of the EHT:

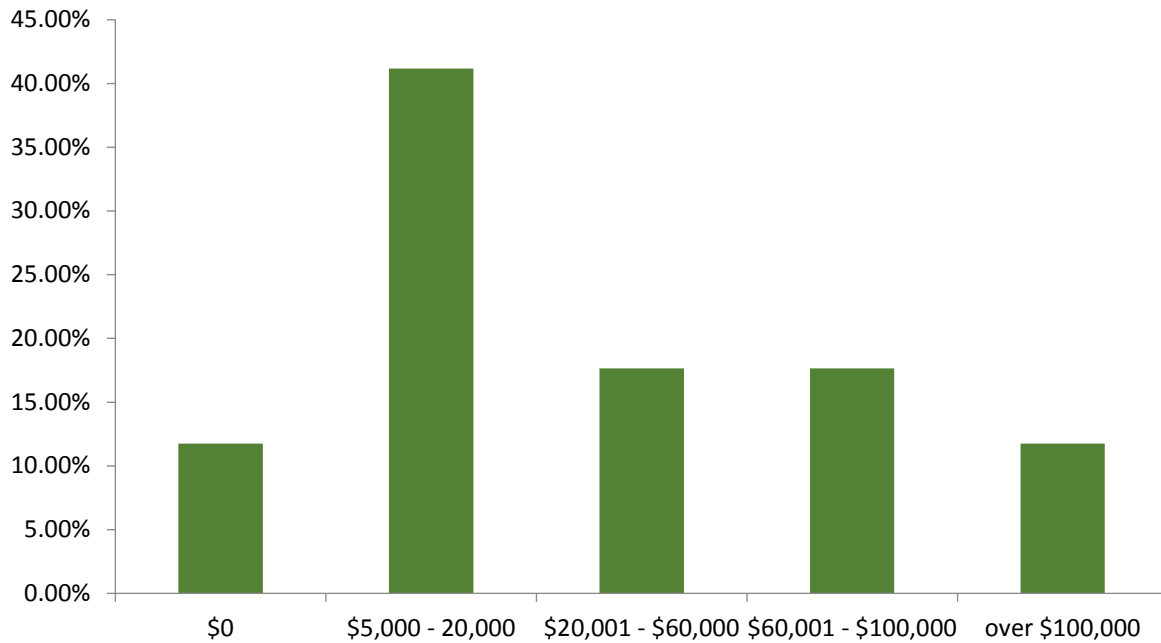
Has the EHT made you more cautious about expanding your payroll and growing your business?



What strategies do you have for mitigating this new expense?



How much do you estimate that your organization will pay in EHT this year?



The Chamber asks again that the province redesign the EHT so that it doesn't unintentionally incentivize employers to reduce the number of employees, lower wages or cut benefits.