Simplify to Grow: Boosting Business in British Columbia

An Agenda for Economic Growth Report

GREATER VANCOUVER
BOARD OF TRADE

Executive Summary

A strong, competitive investment climate is essential to British Columbia's long-term economic success. When businesses can operate efficiently, invest with confidence, and expand without unnecessary barriers, they create the jobs, innovation, and economic activity that lift the standard of living for all British Columbians. A reputation as a business-friendly province attracts global capital, supports entrepreneurship, and fuels inclusive prosperity.

But our province's reputation—and the economic advantages that come with it—is under threat. Over the past two decades, a complex regulatory burden, lengthened permitting timelines, and overlapping compliance requirements have made it more challenging to do business here. These barriers increase costs, reduce productivity, and make it harder to get projects built. At the same time, businesses are also contending with higher taxes, labour market pressures, inflation, and protectionist trade policies abroad, particularly from our closest trading partner south of the border.

Competition for investment is steep and the need for action is urgent. Investment is mobile, and if we don't act quickly enough, it will go elsewhere. The need to grow B.C.'s economy is critical as B.C. is forecast to run a $10.9 billion deficit this year, with no clear path back to balance. Credit rating agencies have downgraded the Province's fiscal outlook, citing debt accumulation and a lack of cost-control measures. According to a 2024 survey of Greater Vancouver Board of Trade members, 69 per cent said the Province lacks a clear vision for the region's economy.

This report is part of the Greater Vancouver Board of Trade's Agenda for Growth: The 3% Challenge—a campaign that calls on all policymakers to prioritize economic growth by adopting a bold but achievable target of 3% annual real GDP growth. Reaching this target could raise GDP per capita by up to $9,000, generate $4 billion in new government revenues for public services, and create tens of thousands of jobs. More importantly, it would restore B.C.'s standing as a province that builds, grows, and competes.

The B.C. government has signalled its intentions to complete an Ease of Doing Business review, which will, ideally, help alleviate bottlenecks and create a more competitive investment climate. The Greater Vancouver Board of Trade developed this report to support this Ease of Doing Business Review, drawing on the voices of our members and the findings of past and upcoming GVBOT policy reports under the 3% Challenge campaign.

While the focus of this report is provincial, given the anticipated Ease of Doing Business review, we recognize that municipalities must also make it easier to do business in local communities to get major projects built and to achieve enhanced local job creation.

This report outlines the key regulatory and structural challenges facing businesses in B.C. and offers three actionable areas for reform:

1. Lower Costs: Reduce Red Tape and Business Burden
2. Build Faster: Streamline Permits and Project Approvals
3. Expand Opportunity: Open New Markets and Break Down Barriers

These steps are essential to restoring confidence in B.C. as a place to invest, strengthening its competitive edge, and positioning the Province as an economic leader in Canada. The 3% Challenge will only be possible if we address the structural challenges holding our economy back.

As a start, we recommend the provincial government consider the following when conducting its Ease of Doing Business review:

1. Lower Costs: Reduce Red Tape and Business Burden

a. Increase the Employer Health Tax (EHT) exemption amount to $1.5 million and index it to inflation.
b. Implement a PST exemption on machinery and equipment
c. Create a Red Tape Veto
d. Conduct a review to simplify compliance and reporting mechanisms
e. Return surplus WorkSafeBC funds to employers where the funding ratio exceeds the board's 130% funding target

2. Build Faster: Streamline Permits and Project Approvals

a. Prioritize faster, predictable permitting including statutory timelines for decisions
b. Create "One and Done" reporting (i.e. centralized digital platforms, sunset clauses)
c. Reform and reduce Development Cost Charges (DCCs)
d. Fast-track major project development
e. Bring online more industrial lands

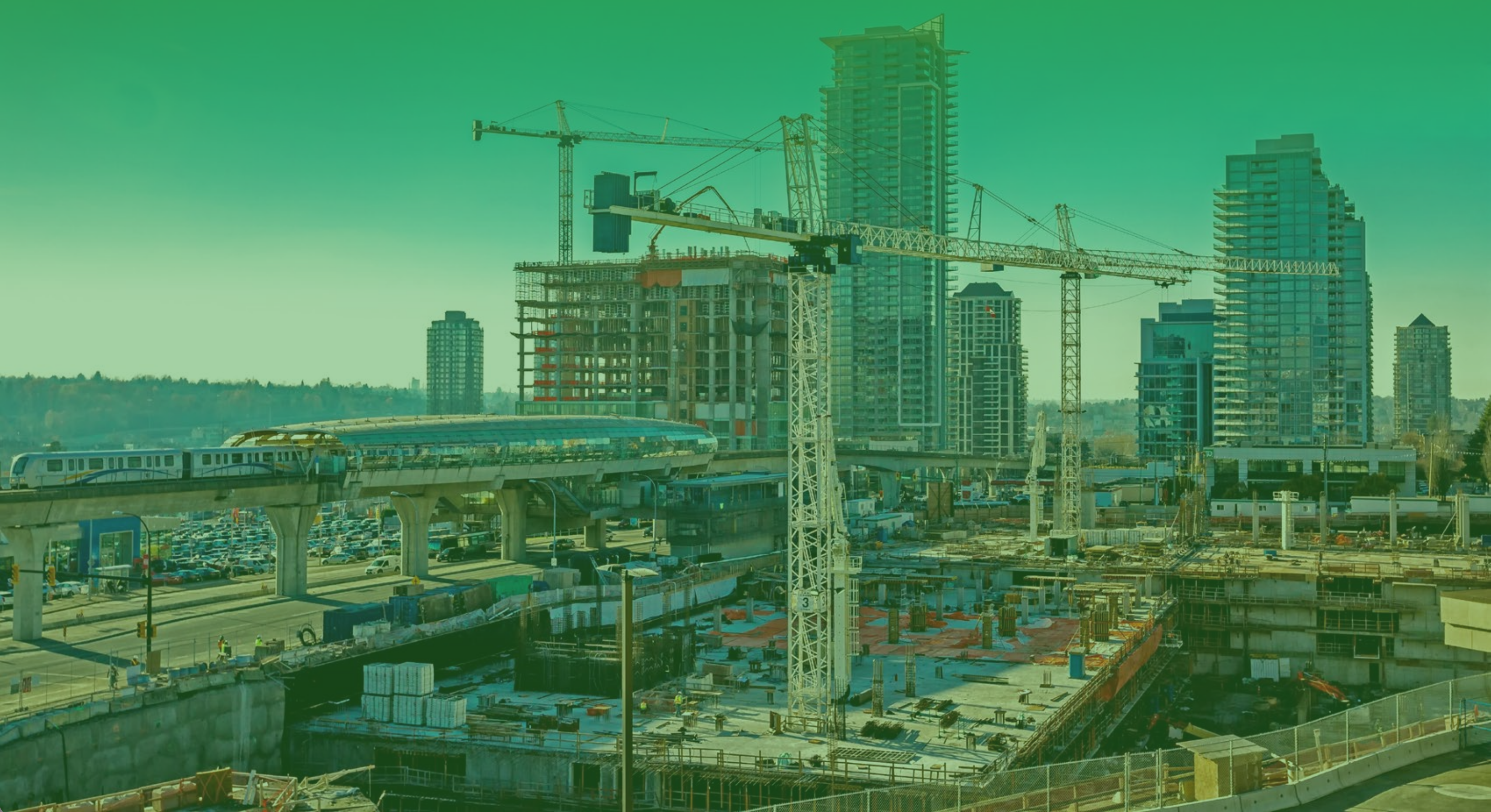
3 Expand Opportunity: Open New Markets and Break Down Barriers

a. Remove interprovincial barriers through mutual recognition
a. Promote trade diversification and support SME export growth

Introductory Facts

Increased and more complex regulatory burden is delaying projects, creating uncertainty and hindering the overall ease of doing business in B.C. Some key facts include:

- The regulatory burden in Canada, as measured by Transport Canada and KPMG, has grown by 37%, reducing business sector investment by 9.0% and real GDP by 1.7%.
- According to a survey of Greater Vancouver Board of Trade members ahead of the 2024 B.C. election:
    - 40% of businesses identified "economic/business-friendly policies and taxation" as their top issue.
    - 47% said provincial permitting timelines had worsened over the past five years, with only 8% seeing improvements.
- Between 2022 and 2024, new B.C. government policies have added more than $6.5 billion in cumulative costs to B.C. businesses, according to our "Counting the Costs" report.
- According to analysis conducted by Jerome Gessaroli for the Board of Trade, compliance costs for small businesses in B.C. are now seven times higher per employee than for large corporations.
- B.C.'s permitting process for major projects—including mining, energy, and industrial development—can take 12 to 15 years, discouraging investment and driving businesses to other jurisdictions.



Economic Context

B.C. has long benefitted from a diverse economy, abundant natural resources, and a gateway position to global trade. But in recent years, a combination of internal and external pressures has begun to erode this advantage. Between 2022 and 2024, for example, new government policies have added more than $6.5 billion in cumulative costs to B.C. businesses, according to our "Counting the Costs" report. These include increases to the Employer Health Tax, expanded paid sick leave, and higher minimum wages.

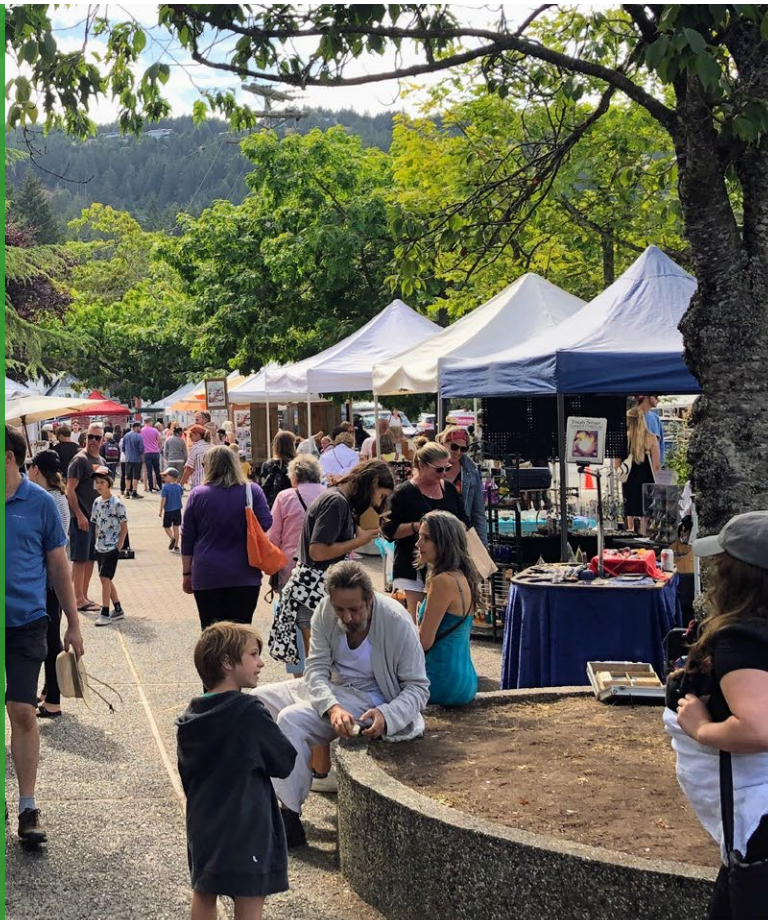
At the same time, investment per worker in B.C. is nearly 20 per cent below the national average, and labour productivity has stagnated. While jurisdictions like Alberta, Quebec, and Ontario have made significant moves to streamline business processes and incentivize investment, B.C. has unfortunately gained a reputation for red tape and regulatory uncertainty.

Layered on these issues is an increasingly concerning fiscal deficit, estimated at between $10.9 and $14.0 billion. Now more than ever, B.C. needs to prioritize the growth of the private sector to ensure the Province's ability to fully fund the services British Columbians rely on like healthcare and education.

Yet opportunity still exists. B.C. has strong fundamentals, deep talent pools, and a growing population. But to capitalize on these strengths, the government must create an environment where businesses can invest, expand, and succeed. That begins with reducing the cost and improving the ease of doing business.

Case Study: Small Businesses

Small businesses face unique challenges in navigating red tape. With limited financial and administrative resources, they often struggle to comply with complex permitting and reporting requirements. The average small business owner in Canada spends the equivalent of 32 full working days per year dealing with regulatory paperwork, reducing productivity and profitability. Compliance costs are also disproportionately high, with businesses that have fewer than five employees paying an average of $10,208 per employee in regulatory costs. These financial and administrative burdens prevent small businesses from scaling up, hiring more workers, or investing in innovation, ultimately stifling economic growth.



Recommendation 1: **Lower Costs — Reduce Red Tape and Business Burden**

Reducing Red Tape and Business Burden

The cost of doing business in B.C. has risen significantly in recent years. For many businesses, SMEs in particular, it's not just a single policy that causes strain—it's the accumulation of obligations, fees, taxes, and compliance processes that overwhelm their capacity to focus on growing their company here in B.C. According to analysis conducted by Jerome Gessaroli for the Board of Trade, compliance costs for small businesses in B.C. are now seven times higher per employee than for large corporations. This is not sustainable, and it is holding back the private sector from driving innovation, job creation, and economic growth.

To reduce this burden and improve productivity, the provincial government should make a coordinated effort to lower costs, reduce red tape and the business burden. Our recommendation encourages the establishment of a Red Tape Veto. Beyond taxes, B.C.'s regulatory environment is often cited as one of the most complex in the country. Rules are frequently introduced without coordination across ministries or clarity on how they align with existing regulations. A new Red Tape Veto mechanism would allow government to pause and reassess cost-increasing regulations until a full economic impact assessment has been conducted. This tool would help ensure that new rules are aligned with B.C.'s competitiveness goals.

Another major challenge, and our next recommendation, relates to the complexity of compliance and reporting, which is particularly challenging for SMEs. Provincial ministries often require similar or overlapping information, but in different formats and on different timelines. The amount of information required by businesses to report is also increasing. We recommend the Province conduct a review to simplify compliance and reporting mechanisms to enable businesses to devote more time to running their business – particularly important for SMEs with limited personnel.

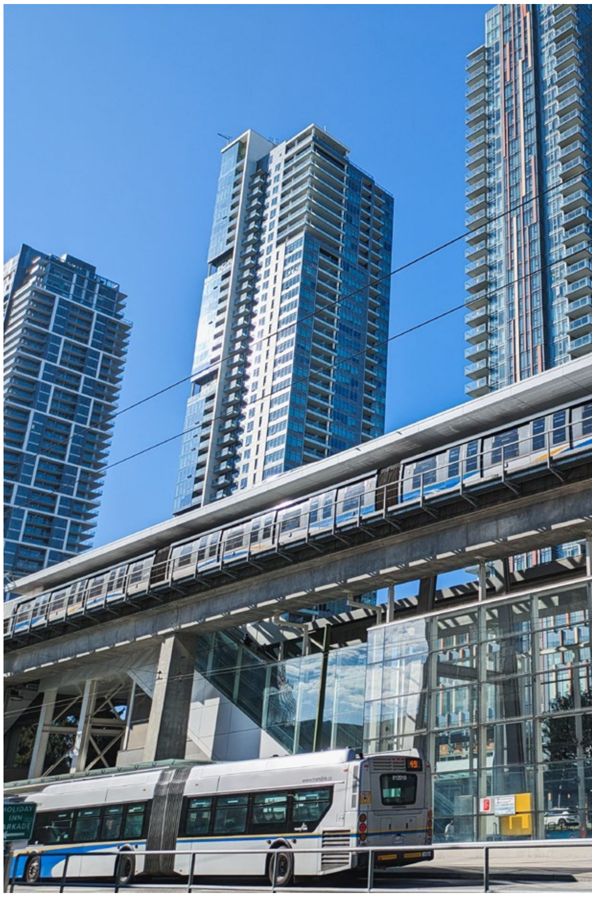
We further recommend the Province conduct a review of WorkSafeBC policies with a focus on ensuring fair and transparent treatment of employers. Many small businesses report inconsistent enforcement and limited avenues for appeal. A system that supports proactive compliance and education, rather than reactive penalties, would improve outcomes for both employers and workers. We further recommend returning surplus funds to employers when the WorkSafe BC Board's funding ratio exceeds its 130% target.

Lowering Costs

Another significant way the Province can increase B.C.'s attractiveness for business is by ensuring a competitive tax regime. Our recommendation to provide tax relief, particularly for SMEs, would be further reforms to the Employer Health Tax (EHT), first introduced in 2019. While designed to replace Medical Services Plan premiums, the EHT has become a major source of strain for businesses just as they reach scale. Many GVBOT members report that EHT costs have directly impacted their ability to hire new workers or offer wage increases. While we appreciate that government provided some EHT relief in Budget 2024, we recommend that the government raise the EHT threshold again, to at least $1.5 million in payroll, which would provide even more relief for thousands of SMEs.

Similarly, an additional tax recommendation would be for B.C. to exempt machinery, equipment and software from the Provincial Sales Tax (PST). This recommendation is critical to productivity growth. These business inputs are not final consumption goods—they are tools for scaling, innovating, and increasing output. Yet in B.C., they are taxed as though they are consumer luxuries. By contrast, most other Canadian jurisdictions offer some form of PST exemption or rebate on these capital expenditures, creating a competitive disadvantage for B.C. manufacturers, processors, and exporters.

The impact of this policy is measurable: analysis shows that a PST exemption on capital investment could increase investment by $270 million annually, generate $33 million in additional government revenues, and create over 1,100 new jobs. At a time when productivity is flat and private sector investment is falling, this is a high-impact, low-cost reform that would send a clear signal: B.C. is open for business.



These changes—paired with other reforms throughout this report—are necessary to make it easier to do business in B.C., and to support the broader goal of the 3% Challenge: sustained, inclusive, and investment-led economic growth.

In summary, we recommend the Province:

- Increase the Employer Health Tax (EHT) exemption amount to $1.5 million and index it to inflation.
- Implement a PST exemption on machinery and equipment
- Create a Red Tape Veto
- Return surplus WorkSafeBC funds to employers where the funding ratio exceeds the board's 130% funding target

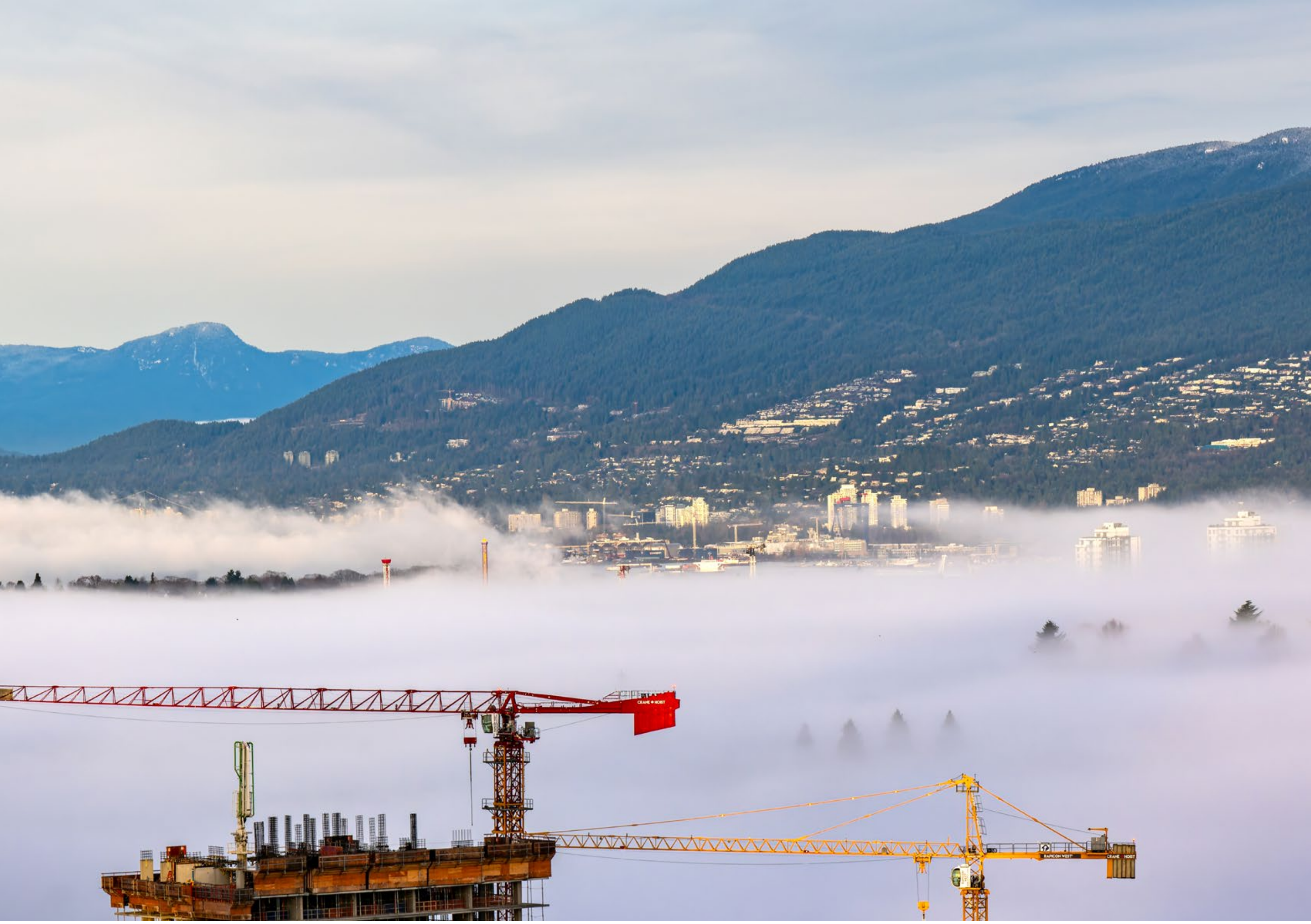
Recommendation 2:
Build Faster — Streamline Permits and Project Approvals

Accelerating the permitting and approvals process is one of the most critical steps the Province can take to improve B.C.'s investment climate. Across sectors—energy, mining, advanced manufacturing, transportation, food processing—major projects are routinely being delayed or abandoned due to lengthy, unpredictable, and siloed approval processes. These delays drive up costs, erode investor confidence, and shift capital to other jurisdictions. In an environment where investment is mobile and time-sensitive, B.C. cannot afford to keep moving at a decade-long pace.

To unlock stalled investments and restore investor confidence, we recommend that the Province establish statutory timelines for key permit types and introduce default approval mechanisms for low-risk applications that go beyond service standards. Indigenous rights and title must be respected as part of any deliberations. The Crown has the duty and obligation to honour those rights in their action and approach. Similarly, companies seeking to operate and gain social licence in B.C. will need to engage substantively with all First Nations affected by a project. The only path forward is a joint path of economic reconciliation. The Province should seek to find a path forward on consultation and accommodation that respects these rights while also ensuring the capacity support is there to ensure Nations can engage.

At the provincial level, a lack of permitting coordination and accountability means even shovel-ready projects aligned with provincial goals and Indigenous reconciliation are still stalling. In mining alone, project approval timelines regularly extend to 12–15 years, far out of step with competitor jurisdictions such as Quebec, Ontario, Australia, and the United States. Delays are also prevalent in port expansions, transmission lines, and energy infrastructure—sectors that are foundational to B.C.'s clean economy and trade competitiveness. Another example would be in mining exploration , where early-stage regulatory delays and new consultation requirements are making it increasingly difficult for proponents to secure the permits needed to maintain tenure and attract investment—ultimately stalling projects before they even begin.

Permitting should also be simplified and digitized through a "One and Done" reporting system: a centralized digital platform that integrates all required approvals, environmental reviews, and consultations into a single submission portal. This system should identify a lead regulator for each project and publish clear approval pathways and milestones.



In addition to improving processes, B.C. must also create a fast-track pathway for high-impact, strategically aligned projects. Projects like the Tilbury LNG expansion, LNG Canada Phase 2, and Teck's Highland Valley Copper mine extension are examples of such projects. Our recommendation is to fast-track major projects. This will require a coordinated effort by government departments and agencies and likely some new funding for ministry staff responsible for permitting.

The consequences of delay are very apparent in industrial development, which is the focus of our fourth recommendation. Greater Vancouver's economy relies on a limited—and rapidly shrinking—supply of industrial land. According to the 2023 GVBOT industrial lands report, industrial lands in Metro Vancouver alone make up just four per cent of the total land mass in the region but result in over 450,000 direct and indirect jobs, $50.1 billion in GDP, and an overall output of $92.5 billion. Yet a chronic shortage of development-ready land and a cumbersome provincial permitting regime are pushing projects, and jobs, out of the Province. According to our industrial lands report from 2023, in a four-year period, 5.1 million square feet of industrial development has relocated to Calgary, costing B.C. more than 6,300 direct jobs and nearly half a billion dollars in GDP.

To reverse this trend, the Province should publicly commit to improving provincial permitting timelines for projects that create jobs on industrial lands, and work across ministries to deliver on that commitment. This includes addressing specific constraints such as the Agricultural Land Reserve's 50/50 rule, which restricts critical agricultural processing even when suitable alternatives do not exist. Removing this restriction would help retain local food production capacity for our growing population, enhance supply chain resilience, and support job creation in rural and suburban communities.

Barriers to growth extend into the housing sector, where rising Development Cost Charges (DCCs) are undermining project viability—especially for purpose-built rental, affordable, and missing-middle housing. Sharp increases in Metro Vancouver have added tens of thousands of dollars per unit, compounding inflation, higher interest rates, and construction costs. These added costs are slowing the pace of new housing starts at a time when supply must urgently increase.

To address this, the Province should work with local governments and the development sector to reform how DCCs are implemented and phased in. Key actions include:

- Delaying implementation of rate increases to allow for impact assessments and consultation with the housing sector.
- Extending in-stream protections and phasing in new rates to prevent cancellations of in-progress projects.
- Allowing DCC deferrals until occupancy or sale, easing upfront financing pressures.

Better alignment between DCC policy and housing supply goals is essential. More predictable and financially manageable charges would lower risk, support construction, and help B.C. meet its growth and affordability targets.

In summary, we recommend the Province:

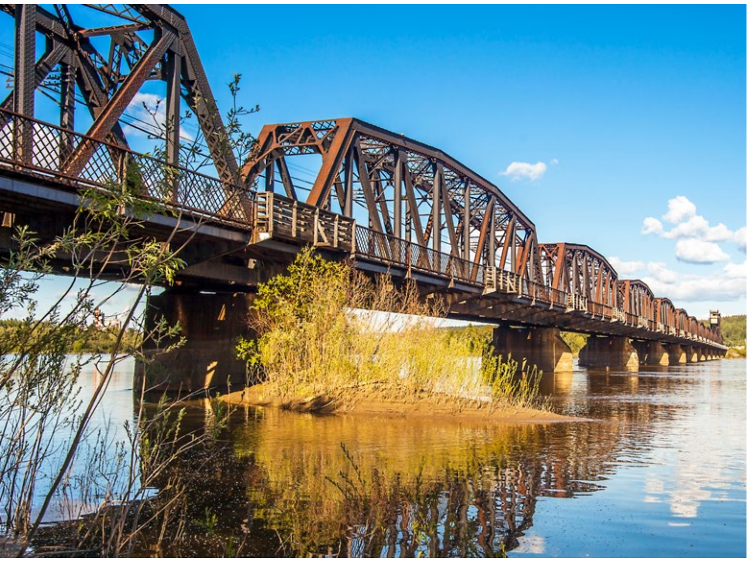
- Prioritize faster, predictable permitting including statutory timelines for decisions
- Create "One and Done" reporting (i.e. centralized digital platforms, sunset clauses)
- Reform and reduce Development Cost Charges (DCCs)
- Fast-track major project development
- Bring online more industrial lands

Recommendation 3:
Expand Opportunity — Open New Markets and Break Down Barriers

To grow a resilient, high-performing economy, B.C. must also enable more businesses to access new markets—both within Canada and globally. Trade fuels growth, creates jobs, and raises productivity. But barriers are holding B.C. businesses back.

Domestically, Canada's internal trade system remains one of the most restrictive among developed economies. Despite noble attempts by various governments, inconsistent standards, duplicate certifications, and procurement exclusions continue to create friction for businesses trying to expand across provincial borders. B.C. is not immune. Our 2025 report, "Unleashing Local Trade & Production Within Canada", identified dozens of regulatory inconsistencies that inhibit growth—from transportation rules that differ by province, to licensing frameworks that prevent skilled workers from operating across borders.

The costs are significant. Estimates suggest internal trade barriers reduce Canada's GDP by up to $100 billion annually, effectively acting as a "domestic tariff wall." This hurts small and mid-sized businesses the most—firms that lack the compliance teams and resources to navigate fragmented regulatory systems.



To address this, our policy report recommended that the Province:

- Commit to national mutual recognition on all items, including services and labour
- Ensure all products that can be sold in one province can be sold across Canada
- Open direct-to-consumer beer and alcohol sales nationally
- A commitment by Premiers to not implement non-tariff barriers for inter-provincial infrastructure projects
- Mitigate regulatory complexities to enhance business competitiveness

Internationally, B.C. must also prioritize trade diversification. With rising geopolitical tensions, U.S. protectionism, and growing interest in re-shoring, the Province cannot rely on one export market alone.

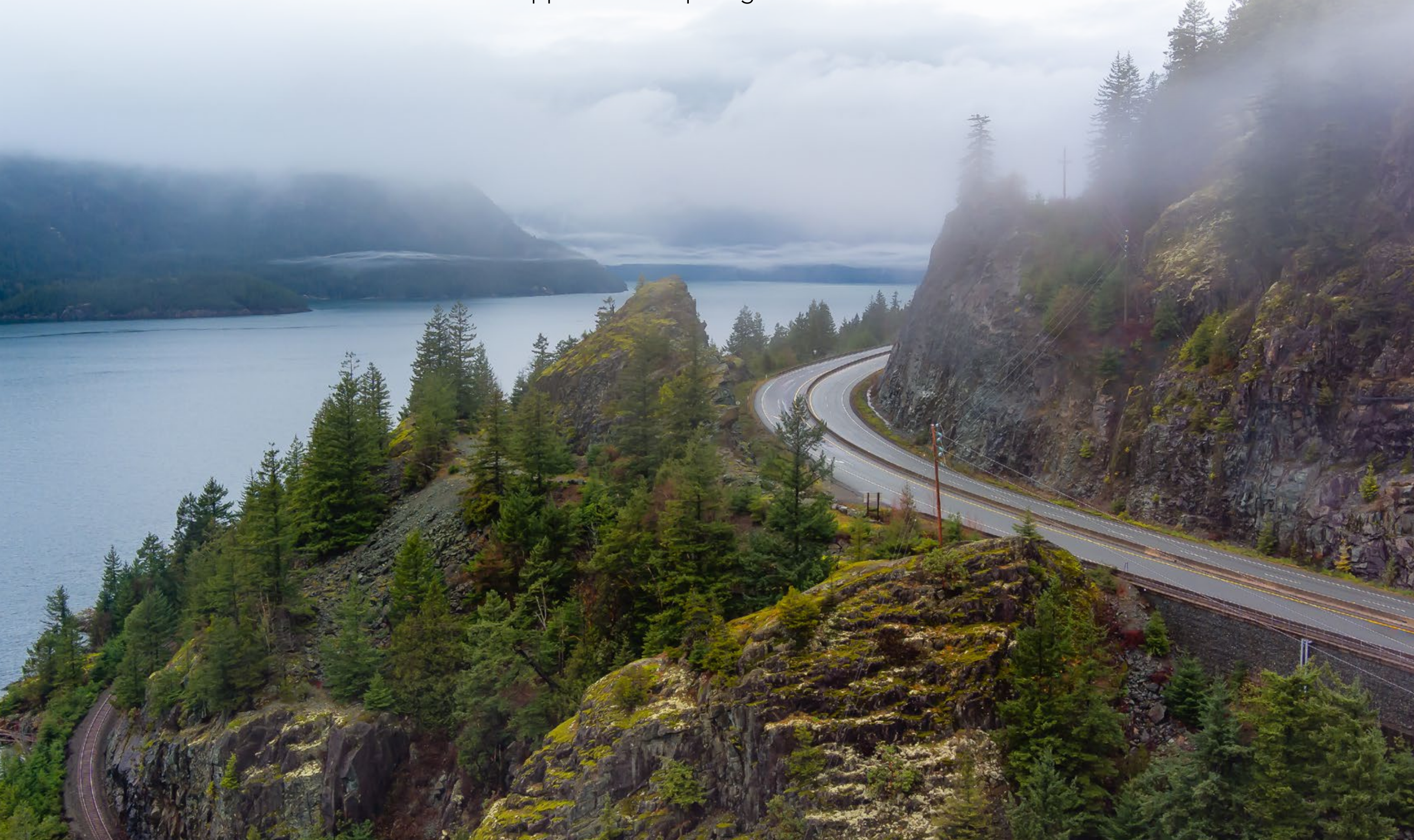
In this context, the work of the World Trade Centre–Vancouver, a subsidiary of the Greater Vancouver Board of Trade, and its Trade Accelerator Program (TAP) is more vital than ever. TAP equips B.C. businesses with the tools and expertise to enter global markets through a structured, expert-led process. As of November 2024, 533 B.C. companies have completed the program, including 247 women-led, 67 Indigenous-led, and 85 youth-led businesses. A recent survey of B.C. companies who completed the program found that participating companies generated an average of $2.5 million in new revenue within two years of graduating and created 7.9 new jobs per company.

These results are a proof point: targeted export support works. Scaling up access to programs like TAP should be a cornerstone of B.C.'s economic development strategy—particularly for small businesses that often struggle to break into international markets.

Removing trade barriers and enabling SME growth is essential to achieving the 3% Challenge. Expanding market access is one of the most powerful ways to boost productivity, create new revenue streams, and raise per capita GDP.

In summary, we recommend the Province:

- Remove interprovincial barriers through mutual recognition
- Promote trade diversification and support SME export growth



Conclusion

British Columbia has the tools and talent to thrive in this new economic era—but only if it creates the conditions for business success. At a time when the Province is facing mounting debt, trade headwinds, and productivity challenges, improving the ease of doing business is not just a competitive advantage—it's an economic necessity.

By lowering costs, streamlining approvals, and opening new markets, B.C. can attract investment, create jobs, and build an economy that is both resilient and inclusive. The Province's Ease of Doing Business Review is a crucial opportunity to chart this course.