



SOUNDING BOARD



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New Report: Counting the Costs

POLICY | Assessing government-imposed cost increases

The Greater Vancouver Board of Trade has published a new report that addresses how the cumulative impact of direct costs imposed on businesses in British Columbia is hindering growth, entrepreneurship, and investment within the province amid global economic challenges.

The report, titled “Counting the Costs: Assessing Economic Challenges for Businesses in British Columbia,” identifies notable cost increases imposed by the government on businesses. These include the corporate tax rate, the pre-pandemic payroll tax, new paid sick leave policies, and the escalating carbon tax’s business portion.

Brigitte Anderson, President and CEO of the Greater Vancouver Board of Trade, stated, “Small and medium-sized businesses are disproportionately affected by higher interest rates and rising costs, making it incredibly challenging for them to grow and thrive. The report reveals that businesses in B.C. will face an additional \$6.5 billion

in direct costs imposed by the government between 2022 and 2024, further exacerbating an already daunting economic outlook.”

The report tabulated the \$4 billion increase in net health taxes, \$1.6 billion in corporate income tax increases, \$1.2 billion for the introduction of mandatory paid sick leave, and \$515 million for the business share of the carbon tax, noting \$873 million in relief from reducing the tax rate for small and medium-sized businesses and non-residential electricity use to reach the \$6.5 billion figure.

The report also highlights other factors contributing to the challenging business environment in British Columbia, such as a 21% rise in the minimum wage from 2019 to 2023, a nearly 10% increase in the top personal tax rate, the introduction of a new statutory holiday with a \$200 million price tag, and the reversion back to the PST, which has resulted in an estimated \$3.7 billion cost to businesses in 2022

alone. British Columbia currently has the highest marginal tax rates on new business investment in Canada and the fourth-highest personal tax rate in North America, surpassing Washington State by 16.5%.

The cumulative impact of these changes, coupled with an increasingly complex and challenging regulatory landscape, has created a uniquely difficult business environment in the province.

The report offers recommendations to the provincial government to alleviate the burden on businesses, including increasing the Employer Health Tax threshold for small and medium-sized enterprises (SMEs), introducing PST exemptions on business inputs such as software and equipment, redirecting carbon tax revenues into local tech and emissions-reduction initiatives, and actively seeking opportunities to reduce costs for businesses, particularly SMEs.

“To foster economic growth and stimulate investment in British Colum-



bia, the provincial government must take action to alleviate the burden on businesses,” emphasized Anderson. “By implementing these recommended measures, we can create a more competitive and attractive business climate that encourages innovation, entrepreneurship, and economic prosperity,” she concluded.

Despite historic population growth, data from the Canadian Survey of Business Conditions indicates that over a third (34%) of businesses in Metro Vancouver anticipate a decline in profitability in the next quarter due to economic conditions. Furthermore, some

forecasters predict that British Columbia will lag behind most other provinces in real GDP growth in 2023.

The report calls on governments at all levels to collaborate closely with the business community and all affected stakeholders to establish a competitive business environment that supports future generations. The recommendations presented in the report are a roadmap to foster a thriving private sector, providing high-quality jobs and funding for critical infrastructure and social programs, ultimately positioning Greater Vancouver as the best place in the world to live and work. SB

Opportunities for British Columbians

LNG | Woodfibre plant set to begin construction in September

Major projects like Woodfibre LNG and others underway across British Columbia provide real opportunities for local employment and procurement contracts, including for workers that otherwise might have to leave their hometowns to find steady work in their industry.

Increasingly, modern industrial projects are finding ways to align with environmental goals as well as indigenous priorities while creating long-term employment and economic benefits. We’re proud to be doing that at Woodfibre LNG.

Keeping up traditions

For over 100 years, Swiy át (the Woodfibre LNG site’s traditional Squamish Nation name) has provided industrial opportunities for

generations of local families. Before Woodfibre LNG could start pre-construction on the former pulp mill site, we invested over \$12 million in remediation, which has created regional procurement contracts. Site preparation activities are currently underway to prepare for construction, which starts in September this year with work including concrete recycling, landfill capping, green zone activities, soil remediation, shoreline rehabilitation, and habitat offsetting.

First of its kind

In March this year, we announced our Roadmap to Net Zero, which will make the LNG facility the first in the world to achieve net zero emissions, by the time it is operational in 2027. Since the very beginning, Woodfibre LNG has prioritized emissions avoid-

ance and reduction opportunities.

The Woodfibre LNG Project has regulatory approvals from the federal and provincial governments and is the first industrial project in Canada to recognize a non-Treaty Indigenous government, Squamish Nation, as an environmental regulator. As a result of consultation with the Squamish Nation, Woodfibre LNG made important design changes to minimize concerns about impacts to the marine and air environment, including changing the location of the facility from floating to on-land and selecting air cooling technology for the facility, rather than seawater cooling, which uses less energy

This first-of-its-kind partnership – coupled with the unique features and geography of the site have collectively allowed Woodfibre LNG to

be the lowest-emission facility in the world, with a carbon intensity of 0.04 (tonnes of carbon dioxide equivalent per tonne of LNG).

Locals first

Construction of the Project starts this September, which will see up to 800 people work at the Woodfibre site during peak construction. Woodfibre LNG gives hiring priority to qualified Squamish Nation members and local workers first, followed by British Columbians and then other Canadians. The joint priority is to create a safe, inclusive and respectful workplace that brings benefits to the Project’s Indigenous partners and local community.

Within the next four years, the Project will create 100 new operations jobs that will remain for the 40 year lifecycle of the Project – all while

operating at net zero emissions from 2027. Vancouver’s world renowned reputation as one of the best cities to live, work and play relies on our collective ability to develop transformative and innovative projects responsibly, and in a way that creates lasting opportunities for those of us who reside in this beautiful province.

I invite you to join me on June 8 at Greater Vancouver Board of Trade’s first-ever Major Projects Forum, to learn more about Woodfibre LNG’s approach to net zero and to continue the discussion around how energy truly can align with environmental goals and indigenous priorities while creating responsible opportunities for British Columbians. CK

Christine Kennedy is the President of Woodfibre LNG.

AI vs. AI for your business

TECHNOLOGY | Harnessing the power of artificial intelligence

Artificial Intelligence (AI) drives transformative results for business, whether its with faster and deeper analytics for stronger supply chains, heightened cybersecurity defense, or improved customer service. Still, we are at a pivotal moment for how AI is – and will be – used for cross-industry, cross-enterprise. For some, there is a lack of clarity as to what impact it can have. Business leaders can feel overwhelmed, underprepared, and unsure how to best utilize AI, but know they need accurate results they can trust that can easily be adapted to new scenarios and use cases. ChatGPT and other generative AI capabilities have woken businesses up to the possibilities that AI offers, but consumer use cases are not where the real transformational powers lie.

AI technologies have made impressive advances over the past decade – but until now, it

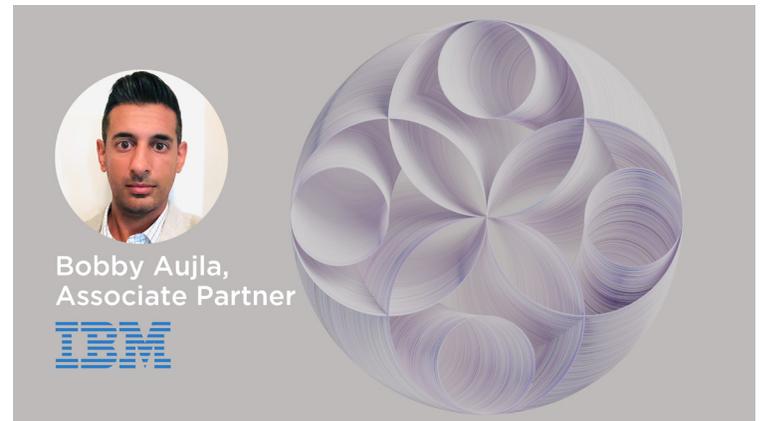
has been difficult to scale and operationalize, placing it out of reach for many companies. In Canada, its use is growing steadily, with companies already using or planning to use AI. In fact, nearly 30% of Canadian companies have actively deployed AI, and nearly half (48%) say their company is exploring AI but have not deployed it into their business operations yet.

For businesses looking for ways to increase employee productivity by enabling teams to focus on higher-value work, there are a few entry points for leaders to consider with AI and automation: 1) automate processes and individual tasks, freeing up space for focus on more complex situations; 2) create individual and outcome-oriented experiences for customers; and 3) give employees the information and insights they need so they can deliver successful outcomes faster. And, with the announcement of Watsonx in May, IBM has created the founda-

tion to make AI more widely accessible to all enterprises, not just those with advanced technical expertise.

When used effectively, AI and data have the power to deliver smarter public services, reduce fraud and human error, catalyze massive operational efficiencies, and unlock new commercial benefits – all while controlling costs and safeguarding privacy. One example in a municipal government setting is Elections Markham's work with IBM Canada in the delivery of a virtual assistant to answer questions pertaining to topics such as the local election. Using a conversational AI platform with natural language processing, the virtual assistants can effectively handle repetitive, administrative, and information-seeking queries and allow customer care employees to focus on more complex queries.

Finally, as with any technology, it is critical to pay attention to the security



of data. The use of AI in security operations through incident detection, investigation and response is needed now more than ever as security teams are overwhelmed and under pressure. With data breaches costing Canadian companies CA\$7.05 million per incident on average (an all-time high), the financial stakes are significant.

While there are numerous current use cases for AI, the applications for this technology are growing every day, and the possibilities of AI for

business are endless. BA

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Upcoming Programs and Events in June

EVENTS | Upcoming Schedule

The Greater Vancouver Board of Trade is hosting a variety of mainstage and networking events for the coming month. With an eye on the future and reconciliation, there are a number of events that offer the opportunity to connect with fellow members of the business community from a variety of sectors.

Members' Social with Ronald McDonald House B.C. & Yukon – Wednesday, June 7

Join us for an exclusive GVBOT members' social to explore Ronald McDonald House and the critical role it plays in supporting children undergoing care and their families. As the non-profit proudly celebrates its 40th Anniversary this year, this event aims to provide Board of Trade members with a unique networking opportunity that will also foster a better understanding of the benefits their state-of-the-art facilities provide to families from the B.C. and Yukon.

Major Projects Forum 2023, presented by KPMG – Thursday, June 8

Vancouver's reputation as one of the best cities to live, work and play relies on our collective ability to develop transformative and innovative projects. The Inaugural Major Projects Forum, presented by KPMG, features key leaders

behind the most impactful projects in the Greater Vancouver region. Take advantage of the opportunity to learn about the trends in innovation, design, architecture, construction, and infrastructure going into the projects that will shape our future.

Reconciliation in Action: Annual Address with Musqueam, Squamish and Tsleil-Waututh Nations – Wednesday, May 17

The Musqueam Indian Band, Squamish Nation, and Tsleil-Waututh Nation are driving growth and opportunity for their members and the region. With successful economic development projects, entrepreneurship, and sustainability initiatives, they have established a proven track record of success. Join the Greater Vancouver Board of Trade for the third annual Reconciliation in Action: Annual Address featuring leaders from these three Nations. Learn about their future plans, activities, and how Indigenous and non-Indigenous stakeholders can collaboratively work towards reconciliation and mutually beneficial relationships. SB

Tickets to all of our upcoming events are available at boardoftrade.com/events.



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