

The logo consists of three overlapping, curved, leaf-like shapes in shades of orange and tan, arranged in a circular pattern. The text is positioned to the right of these shapes.

Kelowna Chamber OF COMMERCE

Growing the people who power the Okanagan.

**SUBMISSION TO:
Select Standing Committee on Finance and
Government Services
Government of BC**

September 29, 2021



The Kelowna Chamber of Commerce is a federally incorporated not-for-profit organization that is dedicated to connecting, serving, and empowering the business community in the central Okanagan. The Chamber provides numerous services to its 1,000 members and the broader business community including educational seminars, major events, member benefits, and government advocacy. In 2021, the Kelowna Chamber celebrates its 115th year in operation and it continues to be recognized as one of B.C.'s leading business associations and among the leaders in the Canadian Chamber network.

ISSUES SUMMARY

We appreciate the annual opportunity to provide our Chamber's perspectives as the provincial government prepares Budget 2022. We acknowledge that the September 2021 first quarterly update from the province noted the deficit is tracking below the projection, but the uncertainties of the economic impact of the pandemic, forest fire season, and continuing labour challenges mean all levels of government need to be vigilant regarding both spending, and continuing support for threatened businesses. This is especially true in the Okanagan's service, aviation, and tourism sectors, the latter of which is the third-biggest economic generator in BC. The Tourism Industry Association of BC says a lack of government support tailored to their often-seasonal businesses is devastating.

We raise several key areas deserving consideration in the 2022 B.C. budget. We also mention a few issues that are more relevant to Federal and Local Government authorities, but as a key part of the national federation and as the keeper of the legislation that empowers local government, we believe the Province can not only make investments and policy changes, but it can also be effective in influencing decision making by other levels of government.



We have broken our submission into two specific themes which are in many ways, linked:

1. **Continuing the Response to COVID-19**
2. **Growing the Economy as we Recover**

We would note the Kelowna Chamber fully endorses the three principles the BC Chamber noted in its submission to the Select Standing Committee on Finance made earlier this month, noting the importance for inclusivity, innovation, and a competitiveness.

CONTINUING THE RESPONSE TO COVID-19

1. *Targeted sector support* for those being impacted the most (restaurants, pubs, service sector, tourism, aviation) is still needed. We all thought we'd be "done with COVID" by fall 2021 – clearly, we are not. This means worker support programs must be continued. Business confidence and worker confidence are key to recovery.
2. *Tax relief* at all levels should be a strategy that is given more consideration to provide relief for SMEs, particularly family-owned businesses dramatically impacted by COVID-19. All three levels of government need to address this issue. Additional taxes or tax increases – whether it is increasing property taxes levied by local government or increased fees related to paid sick leave – anything that contributes to higher operating costs would not be helpful now. Targeted tax reduction by any level of government for those businesses most impacted by the Pandemic, would provide major assistance to many struggling SMEs through this year and into 2022. We can't tax ourselves to greatness.
3. *Recovery that supports diversity and inclusion*: Tourism is a billion-dollar industry in our region and it has been significantly impacted by the pandemic. While many in tourism have shown their resilience, we note that Indigenous tourism as a subset is not predicted to recover for 15+ years. These businesses need help in getting back to their growth track. We also note that women, young entrepreneurs, and newcomers are all facing increased challenges in the workplace. As an example, across Canada almost three times as many women between age 29-40 have left the workforce compared to men. Thus, access to quality childcare gets attention from the business community. The Chamber is fully supportive, but that support can't come on the backs of small business owners.

With an aging demographic in the Okanagan, combined with substantial labour needs, policy initiatives that encourage and enable foreign workers to come to the Okanagan either on a temporary or permanent basis will be essential if we are to meet future labour force needs.

4. *Aviation: Innovation, Investment and Constrained Growth*. Why does Canada lag behind in its support for the aviation industry in light of COVID-19? The provincial government has an important role to play in supporting this industry in the lower mainland, in the Okanagan and in Northern B.C., where aviation-based industries are struggling to grow. Prior to the pandemic the growth of aviation in the Okanagan was engendering a lot of optimism but now the industry is struggling, and we have seen companies in the Okanagan suffer with what appears to be a lack of funding and attention from national bodies.

The National Airlines Council of Canada (NACC) has urged the federal government to address airline sector challenges in the wake of COVID-19 and the province should be putting more pressure on the federal government to help this ailing sector of our economy.

AEROSPACE AND AVIATION POLICY LINKS:

<https://bcchamber.org/policy/that-an-aerospace-innovation-cluster-outside-the-lower-mainland-be-created-for-the-benefit-of-new-business-for-bc-and-canada-2019/>

<https://bcchamber.org/policy/a-need-for-a-long-term-post-pandemic-strategy-for-the-air-transportation-industry-2021/>

GROWING THE ECONOMY AS WE RECOVER

5. *Addressing attainable housing* remains a major concern. When people can't afford to live where they work, they, along with business and society, all suffer. In the Okanagan we are seeing the repeat of the "drive 'til you qualify" scenario that has been the situation in the lower mainland for decades: those looking for a nice place to raise a family head further away from the high density, high-cost areas until they find the type of housing they seek that is in the range that makes a mortgage possible. Obviously, as a result the link between affordable housing and transportation (labour force mobility) is becoming more apparent in this fast-growing Okanagan region.

If housing doesn't become more affordable, the region's transportation system will need to be more robust to ensure continued economic growth. (See *Transportation Infrastructure below*).

This situation is something we raised when speaking to the Canada/BC Expert Panel on the Future of Housing Supply and Affordability. The Panel released its final report in June 2021¹, saying that despite significant housing policy responses by all orders of government, British Columbians' ability to rent or purchase homes that meet their needs at costs they can afford has worsened in recent decades. Reversing these trends will require long term work and cooperation by all orders of government.

As we mentioned in our submission to the Panel, the significant amount that taxes and fees – which are placed on housing and development by every level of government – cannot be dismissed as a *fait accompli* as there is no denying they are contributing to the rising cost of housing. Steps must be taken to reduce these fixed costs and instead create market incentives to spur the type of development government would like to see.

The Kelowna Chamber is supportive of many of the recommendations in the Panel's Final Report, particularly those that fall under two of the five broad areas noted in the report, those being: a) Reforming fees on property development; and b) Improving coordination among and within all orders of government

On the first point, the Kelowna Chamber endorses 100% the call of the Expert Panel to phase out the use of community amenity contributions as also suggested in the Development Approvals Process Review (DAPR)² report. On the second point, greater coordination among all orders of government would allow for reflection and a potential rethink of who pays for public amenities and how.

¹ Final Report Canada BC Expert Panel on the Future of Housing & Supply
<https://engage.gov.bc.ca/housingaffordability/>

² September 2019, Final Report Development Approvals Process Review
https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf



Ever increasing Development Cost Charges may help address the massive infrastructure challenges which growing cities are facing but the reality is that those costs are simply passed on to the consumer through higher housing costs or increased rental fees.

If the federal government played a far greater role in funding infrastructure through the equitable distribution of income taxes, it would lessen the burden on local government which primarily rely on property taxation to fund its services and infrastructure. The latter – property tax – it could be argued, is a regressive tax system where those (renters) tend to pay more of the infrastructure costs than those who can most afford it. Courage and a major overhaul of governance, as noted by the Expert Panel, is warranted if we are to get serious in making housing more attainable for average working families.

ATTAINABLE HOUSING POLICY LINKS:

<https://bcchamber.org/policy/implementation-of-bcs-energy-step-code-a-more-collaborative-and-incentive-based-approach-2021/>

<https://bcchamber.org/policy/property-transfer-tax-reform-addressing-bcs-housing-affordability-challenge-2018/>

6. *Transportation infrastructure:* Increased investment in transportation infrastructure will stimulate post-pandemic recovery, creating jobs and improving supply lines to better position Canada and Canadian businesses to compete. In the Okanagan alone, improved and expanded transportation infrastructure would provide a giant step forward in future economic growth. The Kelowna Chamber has shared numerous transportation-based policies/border crossing issues with all levels of government in the past few years.

We appreciate that there is need to replace that Massey Tunnel. However, for many who live outside that region, we do wonder what a similar per capita investment in transportation system would mean in growing the economic engine in B.C.'s interior. \$600+ m would fix a lot of bottlenecks and lay the groundwork for a region wide mass transit system. These recommendations are outlined in previous policies we have had endorsed through the BC Chamber that focus on improving transportation and commerce in one of the fastest-growing CMAs in Canada, i.e., the Okanagan.

TRANSPORTATION POLICY LINKS:

<https://bcchamber.org/policy/accelerating-transportation-infrastructure-to-serve-one-of-the-fastest-growing-regional-economies-in-canada-2019/>

<https://bcchamber.org/policy/hydrogen-hydrail-a-real-advancement-in-the-transportation-sector-2020/>

7. *Removing inter-provincial trade barriers* that create challenges for small and medium-sized businesses which must provide their product direct to Canadian consumers. This is still an issue, particularly for Valley-based wine and spirit producers. Although now a national policy – originally tabled by the Kelowna Chamber – policy changes here would immediately add to our GDP *without* added costs.

INTER-PROVINCIAL TRADE POLICY LINK:

<https://bcchamber.org/policy/interprovincial-trade-barrier-reform-beer-wine-distillery-industries-still-an-unsolved-issue-2021/>

8. *Needs of Agriculture:* This year's drought was compounded by all-time, record setting heat. Average yields of tree fruit are down 15-70%. A small survey of growers on July 27th told the BC Fruit Growers' Association that 86% expected a repeat of extreme heat in the next 10 years. BC provides the lowest level of financial support for agriculture in Canada. BC growers know this makes them uncompetitive and worse, places them at greater risk as they take on more debt than competitors in other provinces and countries. Finally, the value of the Agricultural Land Reserve is well-recognized. However, some systemic changes are required, as Kelowna Chamber policies built around ALR restrictions and improvements in existing government education programs for farmers attest.

ALC REGULATION REFORM POLICY LINK:

<https://bcchamber.org/policy/agricultural-land-commission-regulation-reform-creating-principles-based-farmland-use-policy-2021/>

<https://bcchamber.org/policy/support-a-prosperous-sustainable-and-innovative-tree-fruit-sector-in-BC-2019/>

9. *Stop downloading the costs of mental health issues and homelessness onto businesses* which operate in adjacent physical environments. There is no way that businesses in one area should contribute more than businesses in another area, just because drug use, vagrancy and homelessness immediately impact that business. The Federal and Provincial

governments *must* work together rather than abandoning their responsibilities to local residents and businesses. Business ends up paying for cleaning up the mess.

KEEPING BC COMMUNITIES SAFE POLICY LINK:

<https://bcchamber.org/policy/keeping-bc-communities-and-their-economies-safe-in-an-era-of-drug-addiction-mental-health-issues-and-homelessness-2020/>

10. *Environmental forward planning.* The Chamber has supported a strong environmental position as it relates to invasive species, control of plastics, and valuing of natural assets. First, plant and water based invasive mussels and recovery plans must include an increased dedication by all government levels to keep local fresh waters free of this scourge. At the same time, ranchland is currently imperilled by the almost complete lack of attention to invasive plant species. Provincial and federal government collaboration is a vital pathway to follow to win on these fronts. Finally, the Kelowna Chamber has adopted policies which help control plastic recycling through involvement of private enterprise.

RECYCLABLES MANAGEMENT POLICY LINK:

<https://bcchamber.org/policy/crush-and-credit-put-control-of-recyclables-management-into-the-hands-of-the-private-sector-2019/>

(END)

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