



Elizabeth May, O.C., M.P.

Your Member of Parliament in Saanich-Gulf Islands

December 2015 Newsletter

Thank you to the voters of Saanich-Gulf Islands

First, let's give ourselves a pat on the back! However you voted, whether for me or for one of the other excellent candidates running in that long campaign, let's celebrate that we had one of the highest levels of voter turn-out anywhere in Canada. At 79.5% voter participation, Saanich-Gulf Islands was the fifth highest in Canada. We were in the #2 position in 2011, with just under 75% voter turn-out. That alone is a strong indication of just how well Canadians did overall in getting out to vote. Nationally voter turn-out jumped from 60 to 68% - the highest level of citizen participation in an election since 1993.

My thanks go out to all who cast their ballot to allow me to continue to work for you. Receiving nearly 55% of the popular vote is deeply humbling. Hoping for continued good health, I look forward to working as hard as I can to deliver results for the wonderful communities and people that make up this extraordinary electoral district.

As I prepare to return to Parliament, I recognize I face a very different reality. While I will still be the lone Green Party voice and we again have a majority government, the situation has changed. Our new prime minister has clearly expressed the view, which I have been stressing, that the primary goal of every MP is to work for his or her constituents. The ability to participate in the legislative process should, therefore, be much enhanced.

I have an excellent working relationship with Prime Minister Trudeau and with his Cabinet members (most of them are people I have known for years.) It goes without saying that I will not agree with all their policies and legislative goals, but I do believe collaboration will be possible on many issues.

It was gratifying that the prime minister agreed to meet with me on October 22, 2015, within days of the election to discuss the upcoming climate negotiations. I have accepted the prime minister's invitation to attend the 21st Conference of the Parties (COP21) as part of the official Canadian delegation. I also took the opportunity in that meeting to acquaint the prime minister with the looming deadline for federal Lyme disease strategy, required by law due to my private members bill.

My goals for the next four years are to work to meet community needs. We need to access some of the funding available for infrastructure to help the capital region. Ideally, I would like to help beyond my own riding, as transportation improvements in public transit only make sense if they help the whole region.

Ideally, I will be able to help address the housing needs of the area - both for social housing for those who are in acute need as well as the need for local workforce housing. I would love to help the Saanich Peninsula Hospital in its goal of a new facility to provide team medicine to alleviate the shortage of family physicians. And I want to be sure to help individual constituents dealing with bureaucracy and problems with government - immigration, taxation and pensions.

My private members bill priority will be my bill to help small business. I am dedicating the bulk of this newsletter to that issue.

Of course, I continue to be an intervenor in the National Energy Board process reviewing the Kinder Morgan expansion. I will work tirelessly to defend our coast.

Please check out the schedule for the January Town Halls. I will bring you the news from the opening of Parliament and the climate talks.

My best wishes to you and yours for a Merry Christmas! A Happy Hanukkah! Or just a nice quiet celebration of the season.

See you in the New Year!

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January 2016 Town Halls

Friday 8 January
Salt Spring Island
6pm-7:30pm
Gulf Island Secondary School

Saturday 9 January
Saanich
2pm-3:30pm
Bob Wright Building
University of Victoria

Sunday 10 January
Galiano Island
2:30pm-4pm
Galiano Community Hall

Monday 11 January
Sidney & North Saanich
7pm-8:30pm
Bodine Hall
Mary Winspear Centre

Tuesday 12 January
Central Saanich
7pm-8:30pm
Cedar Room (Main Hall)
Saanich Fairgrounds

Wednesday 13 January
Pender Island
5:30pm-7pm
Pender Island Community Hall

Thursday 14 January
Mayne Island
6pm-7:30pm
Mayne Island Community Centre

Friday 15 January
Saturna Island
6pm-7:30pm
Saturna Island Community Hall

Small Business—Small is Beautiful

One of my first actions in the new Parliament will be to re-introduce my private members bill, the Creation of a Small Business Impact Assessment Act. It is dedicated to ensuring the federal government analyze and consider the impacts on small business of changes in policy, taxation and regulation. In developing it, I consulted with local business leaders here on the Saanich Peninsula, friends like John Treleaven, former president of the Saanich Peninsula Chamber of Commerce, as well as the Canadian Federation of Independent Business.

I started considering such a bill when I heard from Green Parliamentarians in the European Parliament that it had adopted a Small Business Act for Europe with a “Think Small First” lens. The EU “Act” was not actually a piece of legislation, but a broadly applied policy. I liked the idea of focussing federal government policy attention on the role of small business and ensuring that new legislation not inadvertently add to the hurdles faced by entrepreneurs running their own small businesses.

For all the attention governments lavish on large global corporations, for all the subsidies and tax cuts heaped on the companies “too big to fail”, more jobs are created every day in Canada by small business than by the behemoths. Small businesses across Canada drive our economy and create the majority of jobs. Small business owners face high levels of risk – and failure. Yet, as the preamble of my bill notes, small business owners are more likely to reduce their own salaries than lay off staff when times are tough. Small business needs a break. The Creation of a Small Business Impact Assessment Act is a first step.

Who are the “Job Creators”?

When the previous administration decided to cut the corporate tax rate to 15% for the largest corporations to the lowest in the industrialized world – to 50% of what the US taxes such corporations – the move was justified claiming these corporations were the “job creators.”

But it didn’t turn out that way. Unemployment rates remain stubbornly at 7%, but twice as high for Canadian youth.

Where was the avoided tax money being invested? Was it invested?

After years of slashed tax rates, former Governor of the Bank of Canada, Mark Carney, lambasted the corporate sector for hoarding the cash accumulated through tax cuts. He called it “dead money.” It has now grown to over \$630 billion, sloshing around in corporate bank accounts. It is an astonishing 35% of Canada’s GDP.

Meanwhile, the real job creators are described as SMEs (small and medium sized enterprises). Over 60% of jobs in the private sector are created by these smaller companies. Nearly 7 million Canadians work for themselves as self-employed or employees in SMEs. Unlike larger and globalized companies, the jobs are local and the impact on the economy, for the most part, stays local.

When we support our own local businesses, whether in retail, restaurants or in seeking business help, accounting or legal advice, we are also supporting ourselves. Our local tax base, funds for municipal services and building a healthy local economy all depend on the success of local small business.

QUICK FACTS about Small Business

Canada

- 98% of all businesses have fewer than 100 employees.
- These small businesses contribute more than 30% to Canada’s GDP.
- In contrast, the oil sands contribute 2% to Canada’s GDP.
- More than 40% of Canada’s workers are employed in companies that were started within the last 15 years.
- In 2011, only 10% of small business exported, but that 10% accounted for \$150 billion in export value – or 41% of all Canada’s export value.
- Small business in Canada is a significant contributor to research and development, investing nearly \$5 billion – or 31% of total R and D (2009, last available year for this statistic).

British Columbia

- In 2013 (the last year for which statistics are available), there were more than 380,000 small businesses in British Columbia (defined as having fewer than 50 employees).
- 98% of all businesses in BC are small businesses.
- 81% of these businesses had fewer than 5 employees.
- BC small business employs more than one million people – 32% of all employees.
- BC has the highest *per capita* rate of small business of any Canadian province.
- 38% of self-employed British Columbians are women - higher than the national average.

Understanding small businesses as ecosystems

“As productivity expert Erwin Diewert from UBC notes in a recent paper, businesses are highly and complexly interconnected in the production chain, and attempting to allocate productivity impacts by sector can't be done with the highly simplified data we currently have on the economy. Productivity growth by size of business can't be measured suitably at all because economic inputs and outputs are not collected along that dimension. For an abstract macro-economic construct like productivity, it's the sum that matters, not the isolated component parts.”

Ted Mallett, *It is tough enough to face the challenges of starting a business, but then entrepreneurs must listen to commentators blaming small companies for...*, Financial Post, September 30, 2014.

The passage above makes a key point about small business. No small business is an island. Just as is true for large conglomerates, the value chain is vast and interconnected. But unlike vertically organized, globalized corporations with single hierarchical power structures, small businesses operate more like healthy ecosystems. The more diversified the economy the healthier is the system. Just as fields of thousands of hectares planted in one crop is vulnerable to a single pest outbreak or catastrophic event, an economy based on too few sectors is at risk. It is a sound ecological principle that a diversity of species, a complex system, is far more resilient. The same is true for economies.

Highly concentrated global corporations can move capital out of one country and into another in the blink of an eye. Economies putting all their eggs in one basket, as some politicians attempt to persuade us whether with oil sands bitumen exports or LNG, are also less resilient.

The health of an economy rests in the sum of its parts. And as Prof Diewert has found, our current economic measurements fall short in capturing the productivity impact of small business as a sector.

The value chain locally is a vast web. We have manufacturers of everything from Twin Otter aircraft (Viking) to high-tech computerized on-board safety systems for rail (Quester Tangent) to brilliantly marketed spice mixes (Epicure). Redlen Technologies meets the “small business” definition, employing brilliant scientists at the frontier of semiconductors and crystals. This local small business is poised to break through in major improvements for everything from better cancer detection to screening luggage for dirty bombs. Scott Plastics sells everything from fishing equipment to self-contained, portable isolation tents to help contain a lethal epidemic like Ebola. Part of this value chain has to include the non-profit sector. Health-based charities that respond in crises - whether through Rotary International or Mercy Ships - both of which are deeply engaged locally.

The inter-relationships nurtured to sell Viking Twin Otters to the Vietnamese Navy was a triumph of creative partnerships. The package for export of six planes had a total value of over \$70 million and required bringing Vietnamese Navy officers to the Saanich Peninsula, engaging Camosun College to teach them English, the Pacific Sky Aviation flight school to teach them how to be pilots, and local host families to offer them a home life and support. By the time the planes were sold, the Naval officers had become English speaking pilots with a specialized knowledge of amphibious airplanes. The multi-million export hinged on thinking like an ecosystem.

We have small organic farms, large dairies, small cheese makers, wineries and a cidery. Local food slides into the tourism sector effortlessly, as visitors seek out fresh local seafood, baked goods and fine dining. Local food producers rely for markets on local restaurants, farmers markets, as well as on large businesses, like Thrifty's owned by a family-held, multi-billion dollar corporation, Sobey's. Sobey's started as a small meat delivering business in rural Pictou County, Nova Scotia where I used to live. It is one of Canada's success stories for growing a small business into a big one. And, unlike many such corporations, it has maintained its commitment to place, by keeping its multi-billion enterprise based in Pictou County.

Here is where business knowledge breaks down. We have no proven formula for how to grow small businesses into large ones. A surprisingly large number of respondents to a BDC survey, 7%, said they were not interested in getting larger, while 12% expressed satisfaction with the way business was going. Small can be beautiful.

But sometimes...bigger is better

While we don't know a magic formula, we can gain insights from the experts, small business people trying to grow their businesses. When asked to name their biggest challenges, leaving aside macro issues beyond their control, entrepreneurs in SMEs named the difficulty in accessing capital as the biggest challenge. It always seemed to me when my family ran a restaurant and gift shop geared to the summer season tourist market on Cape Breton Island that banks seemed to be averse to lending money to any business that needed it.

Entrepreneurs also report that finding and retaining good employees is nearly as challenging.

These are places where government policy can make a difference. More venture capital through industrial development strategies can help. The risk averse nature of banks needs some public policy help. Supporting small business in reasonable levels of governmental loan guarantees is one option. Employment and training programmes to better match good local employees with available jobs is essential. Re-assessing the growth of Temporary Foreign Workers Programme when 14% of Canadian youth are unemployed is a good place to start.

The advice from Jim Balsillie, founder of Research in Motion and developer of the Blackberry, believes that his business could have maintained a strong share of the global marketplace had federal government policy better protected Canadian companies from the predatory practices globally regarding intellectual property (IP). In a world where a major Canadian company like Nortel can be reduced to rubble, we need to learn those lessons. It was a post mortem before it was recognized how much of Nortel's IP had been hacked and stolen by off-shore competitors, largely from the Peoples Republic of China. Now Balsillie has raised strong objections to the Trans Pacific Partnership as further eroding Canadian IP protection.

First Nations as incubators for small business and lessons from government policy

I am indebted to my friend Fran Hunt-Jinnouchi for suggesting to me that a programme within Indigenous and Northern Affairs Canada could have application as a booster for non-Aboriginal small business. Among many other accomplishments as an educator, Fran is a member of Quatsino First Nation and a small business owner. While they now run a restaurant in Langford, when she and her husband started an eco-tourism enterprise in 1992 she qualified for financial support through Aboriginal Business and Entrepreneurship Development (ABED).

ABED offers assistance to First Nations, Metis and Inuit entrepreneurs (on or off reserve) needing assistance with:

- Business planning
- Establishment (capital) costs
- Business acquisitions
- Business expansions
- Marketing initiatives that are local, domestic, or export oriented
- New product or process development
- Adding technology to improve operations and competitiveness
- Operating costs in association with capital costs
- Financial services, business support, business-related training, and mentoring services

Accessing capital through aboriginal financing, the loan was 30% forgivable. As well, expansion funds were available in subsequent years against established targets.

As access to capital is a significant limiting factor for small business across Canada, the ABED model appears worth pursuing for non-Aboriginal entrepreneurs as well.

Over the years, I have seen millions in government grants go to corporations that do not need the funding. As a small business operator on Cape Breton Island, the federal economic development agency, ACOA, offered millions to help boost tourism. I recall my father's bitter reaction to finding that the minimum interest free loan was a million dollars. He needed \$30,000 to re-surface the business parking lot to accommodate more tour buses.

The impact of the multi-million dollar tourism fund was to attract a number of international chains – Cambridge Suites, Delta, etc – to industrial Cape Breton, building high rise hotels (at least compared to the rest of the city) in Sydney, Cape Breton. The economic impact was to put the historic Isle Royal Hotel, with its chandeliered ballroom which had served as venue for thousands of local Chamber of Commerce, Rotary and other civic events, out of business. So too went the lovely old Wandlyn with its antiques and perfect setting on the harbour as well as number of other small locally owned motels. The overall impact was to reduce the number of people employed in hotels and dining rooms year round, while eliminating the local character and difference of the visitor experience. No doubt the ACOA report to Cabinet reported a successful effort to attract business and modernize the tourism infrastructure.

“Right sizing” the funding available to small business is key. Micro-credit loans are often more valuable than big pots of money. In the case of ABED, the maximum available for an individual entrepreneur is \$99,999. For companies with capacity above self-employed sole business practitioner, more is available based on a business plan. The Indigenous and Northern Affairs Canada website for ABED advises that “A successful application requires a balanced financial package, involving debt financing from other sources and a minimum of 10% cash equity.”

Sounds like a model worth pursuing.

Remembrance Day 2015



I was honoured to again represent the Government of Canada at the Remembrance Day ceremony; this year at the cenotaph in Centennial Park, Ganges, Salt Spring Island.



At Meaden Hall, Royal Canadian Legion Branch 92, with Gillian Watson of Salt Spring Archives, viewing a display, “Salt Spring in the Great War”.