



Taking care of small business

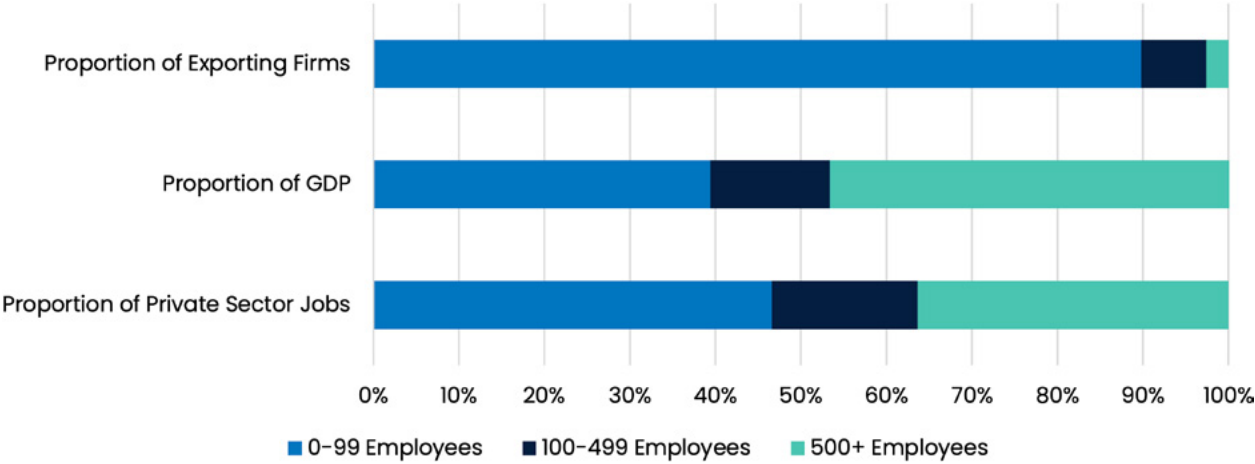
Introduction

Small businesses are the backbone of our economy and communities. They create jobs, drive entrepreneurship and investment, and contribute to the vibrant main streets and neighbourhoods that make Calgary a great place to live and do business. From local restaurants and retailers to construction firms, professional services and emerging technology companies, small businesses are foundational to Calgary’s economic strength and resilience.

Their economic contribution is significant. In 2024, small businesses employed approximately 5.8 million Canadians, representing 46.6 per cent of Canada’s private-sector workforce. When medium-sized businesses are included, SMEs employed nearly eight million Canadians – 63.6 per cent of all private-sector workers. In Calgary, 93.8 per cent of businesses were classified as small businesses in 2025.

Small businesses are also major contributors to Canada’s economic output. Between 2018 and 2022, small businesses generated an average of 34.2 per cent of Canada’s private-sector GDP, while SMEs collectively generated 47.8 per cent. Their contribution is particularly significant in sectors central to Calgary’s economy: SMEs accounted for 87.4 per cent of private-sector employment in construction and 83.4 per cent in accommodation and food services in 2024.

Economic impact by firm size



Small businesses also connect Canada to the global economy. In 2024, SMEs represented 97.4 per cent of Canadian enterprises exporting goods and generated 40 per cent of the value of Canada's goods exports. At a time of heightened global trade uncertainty, ensuring small businesses can access new markets, manage costs and navigate changing trade relationships will be critical to Canada's economic resilience.

Beyond trade uncertainty, businesses are contending with persistent cost pressures and labour challenges. In the third quarter of 2026, nearly 60 per cent of Canadian businesses expected to face cost-related obstacles, while 41.6 per cent identified inflation as a barrier and 25.2 per cent identified recruiting skilled employees as a challenge. Nearly one-third expected U.S. tariffs on Canadian imports to negatively affect their operations over the following 12 months.

These pressures are particularly acute for small businesses, which typically have fewer resources to absorb rising costs, navigate complex regulatory requirements or adapt to economic disruptions. Ensuring they can remain resilient and pursue new opportunities will be essential to Calgary's prosperity and Canada's long-term economic strength.

Small businesses have repeatedly demonstrated their resilience and adaptability. The role of government should be to ensure policy does not add unnecessary cost, complexity or uncertainty. The recommendations that follow identify practical actions governments can take to reduce barriers, improve the conditions for entrepreneurship and support a stronger small business sector.



Recommendations

Federal

The Government of Canada controls many of the policy levers that shape the broader environment in which small businesses operate, including taxation, international trade, immigration, access to capital and export markets. As businesses navigate persistent cost pressures and global economic uncertainty, federal policy should focus on maintaining Canada's competitiveness, expanding access to markets and capital, and reducing unnecessary regulatory and administrative burdens. Programs intended to support small businesses must also recognize that SMEs have limited capacity to navigate complex government processes.

- **Accelerate the removal of internal trade and labour mobility barriers** by working with provinces and territories to mutually recognize credentials, standards and regulatory approvals. For small businesses with limited administrative capacity, reducing duplicative requirements will make it easier to access customers, workers and opportunities across Canada.
- **Increase business' ability to access capital for tech adoption, export development and productivity enhancing investments.** Existing agencies such as the Business Development Bank of Canada (BDC) and Export Development Canada (EDC) should be leveraged to deliver programming to small businesses and SMEs at speed and scale.
- **Lower Employment Insurance (EI) premiums** for small businesses, providing direct savings to businesses and employees leading to reduced expenses and increased cash flow.
- **Increase the Small Business Tax Deduction threshold** currently at \$500,000 – unchanged since 2009 – to \$750,000 and index the threshold to inflation moving forward. By increasing the threshold, businesses will benefit from lower tax rates as they scale, fostering growth and sustainability and increasing the likelihood that businesses will remain in Canada as they expand.
- **Develop a comprehensive, searchable supplier-matching platform** that helps businesses identify Canadian alternatives to imported goods and inputs to support local business in sourcing Canadian inputs.
- **Support flexible and accessible learning** tailored to small businesses to build a more productive workforce, improve efficiency, and strengthen long-term profitability.
- **Building on the success of the *Canada Digital Adoption Program***, deploy funding support and education resources tailored to small businesses to support tech adoption in established and emerging technologies such as AI.
- **Reduce barriers to grants and funding** by streamlining application processes, shortening approval timelines and introducing a *Small Business Concierge Service* to help entrepreneurs navigate federal programs. When businesses can access funding efficiently and predictably, they are more likely to invest, grow and create jobs.
- **Ensure tariff supports are timely, accessible and flexible in their eligibility requirements.** Build on existing federal tariff-response programs by ensuring SMEs can quickly access working capital and support for market diversification, productivity investments and supply-chain adaptation. Streamline eligibility and application requirements and provide timely tariff remission where critical inputs cannot reasonably be sourced domestically or from alternative markets. As trade conditions evolve, the federal government should continually assess sectoral impacts and redirect support toward industries experiencing the greatest disruption.

Provincial

The Government of Alberta has significant influence over the day-to-day competitiveness of small businesses through taxation, labour and skills development, provincial regulation, infrastructure development, insurance and interprovincial trade. Alberta's competitive business environment remains an important economic advantage, but maintaining it requires continued action to reduce regulatory burden, address workforce needs and keep costs competitive. Provincial policy should enable businesses to invest and grow while ensuring government programs operate at the speed of business.

- **Establish targeted tariff support for Alberta businesses and industries disproportionately affected by trade disruptions.** Rather than duplicating federal programs, provincial support should address gaps through targeted grants, lower eligibility thresholds, loan guarantees or tax incentives that help businesses diversify export markets, secure alternative suppliers, increase productivity or retool production. The Province should coordinate eligibility with federal programs wherever possible, creating a streamlined process that maximizes available support and ensures Alberta businesses receive an appropriate share of national tariff-response funding.
- **Eliminate Alberta's small business corporate income tax,** strengthening Alberta's competitiveness and leaving more capital in the hands of entrepreneurs to reinvest, hire and grow. Reducing the rate from two per cent to zero would position Alberta alongside jurisdictions offering the lowest small business tax rates in Canada and provide immediate relief for small businesses.
- **Reduce the insurance premium tax** from four per cent to two per cent. For many small businesses, even a small percentage change can have a significant impact on small business margins and long-term sustainability.
- **Invest in upskilling, reskilling and training and employment services programs to match employers' talent needs** within the labour market. Addressing the skills mismatch – where high unemployment persists alongside labour shortages – will strengthen Alberta's talent pipeline and productivity.
- **Improve access to growth capital for Alberta small businesses** by establishing or expanding provincial financing tools that help viable firms commercialize new products, invest in productivity-enhancing equipment, scale operations and enter new markets. This could include loan guarantees, co-investment programs or revolving funds delivered in partnership with financial institutions, with a focus on addressing financing gaps not adequately served by traditional lending.
- **Continue to reduce administrative burdens and expedite regulatory approvals** so small businesses can start, operate and grow more efficiently. Expand and better promote existing small business advisory services to help entrepreneurs navigate provincial grants, procurement opportunities, permitting requirements and other government processes.
- **Reduce barriers to grants and funding by streamlining application processes,** shortening approval timelines, and introducing a *Small Business Concierge Service* to help entrepreneurs navigate provincial programs. When businesses can access funding efficiently and predictably, they are more likely to invest, grow and create jobs.
- **Strengthen public safety and commercial vibrancy by investing in coordinated responses to social disorder.** Work with municipalities, police services, community organizations and businesses to expand access to mental health and addictions treatment, supportive housing and other wraparound services while ensuring appropriate enforcement resources are available. Small businesses, particularly those operating at street level, should not be expected to absorb the financial and operational impacts of complex social challenges beyond their control.

Municipal

Municipal governments may have fewer direct economic policy levers, but they have an outsized impact on the everyday experience of operating a small business. Property taxes, licensing and permitting, construction management, procurement, public safety and the quality of the public realm all directly affect operating costs and customer activity. The City of Calgary should focus on the areas within its control: reducing the cost and complexity of doing business, delivering reliable core services and creating safe, vibrant commercial districts where businesses can succeed.

- **Rebalance residential and non-residential taxes** through an incremental shift of two per cent per year for the next four years. A fairer tax distribution will lower operational costs for businesses, freeing up resources for reinvestment and growth. This shift would better reflect Calgary's expanding residential tax bases while addressing the disproportionate burden placed on a business base that has remained relatively flat.
- **Establish a standardized construction mitigation framework for businesses affected by major City-led infrastructure projects.** Require project teams to provide businesses with predictable construction schedules, maintain reasonable customer and delivery access, establish a single point of contact for resolving construction-related issues and deploy targeted mitigation measures where prolonged construction materially affects business operations.
- **Modernize municipal procurement processes** by introducing a specialized procurement concierge service within City Administration to assist local businesses in navigating RFPs and other procurement opportunities, while improving transparency, increasing accessibility for SMEs and reducing administrative barriers for local suppliers. With one-third of SMEs in Calgary reporting that weak consumer demand would be an obstacle to growth in Q2 2026, City procurement can be a major lever to support local businesses by providing valuable experience and in some cases, offering a first market for SMEs to prove their products or services.
- **Simplify, clarify and accelerate the process to obtain licenses and permits** to enhance efficiency and predictability. Promote the *Business Experience Improvement Program* to help businesses navigate City processes and establish consistent and predictable response timelines so businesses can with confidence.
- **Elevate the Business and Local Economy Team within City Administration**, leveraging them to be cross-functional through all departments, directing Business and Local Economy (BLE) to considerably increase engagement and consultation with businesses, and provide strategic counsel to the City on key decisions impacting businesses and the economy. Empower the BLE team to add a business lens to all City matters.
- **Provide micro-grants for small businesses to invest in safety and security improvements.** Grants should support businesses in purchasing CCTV systems, height strips and lighting improvements in parking areas and other dark spaces. This program should be paired with an education campaign to ensure businesses and the public know how they can reduce the incidence and impact of crime

- **Leverage the existing property tax system to create targeted tax incentives** that encourage businesses and commercial property owners to make investments that strengthen Calgary's public realm, improve safety, expand arts and cultural programming, and enhance the overall vibrancy of commercial districts. Incentives should reward investments that generate broader public benefit while supporting business growth, downtown revitalization and neighbourhood economic development. Eligible investments could include:
 - Hosting regular arts and cultural programming, such as live performances, exhibitions or community events that increase activity and foot traffic.
 - Commissioning local artists to deliver permanent public art installations, murals or other placemaking initiatives, or providing affordable or in-kind commercial space for cultural organizations, community groups or local artists.
 - Installing public realm improvements, including enhanced lighting, CCTV systems, streetscape enhancements, landscaping or other safety and accessibility improvements that benefit both businesses and the surrounding community.
 - Prioritizing incentives within areas experiencing persistent commercial vacancy, lower pedestrian activity, elevated public safety concerns or limited access to arts and cultural amenities, helping catalyze revitalization where it is needed most.

Creating the conditions for small businesses to succeed

Small businesses do not expect governments to eliminate every challenge they face. Governments cannot control global economic uncertainty, changing trade relationships or every increase in the cost of doing business. They can, however, create the conditions that allow businesses to respond, adapt and grow.

Doing so requires each order of government to focus on the policy levers within its control. The federal government must protect Canada's access to global markets, maintain a competitive tax and regulatory environment and provide targeted support when trade disruptions threaten otherwise viable businesses. The Government of Alberta must preserve the province's competitive advantages, reduce regulatory barriers, strengthen the workforce and keep the cost of doing business competitive. Municipal governments must maintain competitive property taxes, streamline permitting and licensing, improve public safety and ensure local services support business growth.

These actions must also be coordinated. Small businesses should not have to navigate overlapping programs, duplicative regulations or multiple levels of government to access support. Governments should work together to simplify programs, align investments and ensure public policy operates at the speed of business.

Calgary's small businesses have consistently demonstrated their ability to innovate and adapt through periods of economic disruption. Governments should enable that resilience by removing unnecessary barriers, providing targeted support where market disruptions require it and creating the certainty businesses need to invest.

When small businesses succeed, they create jobs, strengthen communities and generate economic activity across Calgary, Alberta and Canada. **Creating the conditions for small businesses to start, grow and scale must remain a priority for every order of government.**



ABOUT THE CALGARY CHAMBER OF COMMERCE

The Calgary Chamber exists to empower our business community to advance a prosperous Calgary and Canada. As the convenor and catalyst for a vibrant, inclusive and prosperous business community, the Chamber works to build strength and resilience among its members and position Calgary as a magnet for talent, diversification and opportunity. As an independent, non-profit, non-partisan organization founded in 1891, we build on our history to serve and advocate for businesses of all sizes, in all sectors across the city.



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