

## **BUSINESS IMMIGRATION IS A CRITICAL RESOURCE FOR BUSINESS SUCCESSION IN BC (2015)**

Both Federal and Provincial governments have identified immigration as a positive means to support labour market and economic development strategies. Governments have put programs such as the Provincial Nominee Program (PNP) in place to assist immigrants in obtaining their permanent residence and also help domestic businesses with succession planning. On the supply side, many business lack knowledge and resources to take advantage of programs available to assist them with succession planning. On the demand side, long nomination processing times are a barrier in transition of business ownership from domestic owner to a foreign buyer.

### **Background**

It has been reported that “half of all small- and medium-sized businesses in Canada are set to retire over the next decade”. By province, “BC will see the largest transfer of ownership in the coming decade with no less than 40% of businesses expected to change hands in the coming five years”. In 2013, British Columbia was home to a total of 389,400 businesses. Of these, 382,200, or 98 per cent, were classified as small businesses.<sup>1</sup> This equates to 155,760 small-and medium sized business in BC projected to change hands in the next 10 years. Given this magnitude, “a faulty or badly executed succession planning process could have a ripple effect throughout our economy via reduced productivity, job losses, premature sales and increased bankruptcy rates.” This potential cost to British Columbia’s economy is significant.<sup>2</sup>

A partnership between the Federal & Provincial Governments to facilitate the “Nomination” of immigrants to meet BC’s economic needs was established. The B.C. Provincial Nominee Program (PNP) was introduced in 2001 to increase the benefits of immigration to British Columbia by allowing the provincial government to nominate foreign workers and entrepreneurs for accelerated permanent resident status based on labour market and economic development needs and priorities.<sup>3</sup> While the economic impacts of the BC PNP Business Succession stream have been substantial in terms of program targets there is still a need to increase capacity and awareness of the program to further facilitate a growing need to support business succession in British Columbia.

### **Access to Program**

Immigration programs, such as the PNP, geared towards attracting business entrepreneurs to BC play a critical role in supporting economic development and business succession. An independent study conducted by the British Columbia Immigration Task Force focused on reviewing the current economic immigration system and identified key findings on how to enhance current programs.<sup>4</sup>

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<sup>1</sup> Ministry of Jobs, Tourism and Skills Training (2014) Small Business Profile 2014, pg. 2

<sup>2</sup> Tal, Benjamin (2012) Inadequate Business Succession Planning – A Growing Macroeconomic Risk Report: CIBC Available from: [http://research.cibcwm.com/economic\\_public/download/if-20121113.pdf](http://research.cibcwm.com/economic_public/download/if-20121113.pdf)

<sup>3</sup> British Columbia Provincial Nominee Program: Immigration Guide. Ministry of Jobs, Tourism and Skills Training. Available from: <http://www.welcomebc.ca/Immigrate/About-the-BC-PNP/Investing-in-B-C.aspx>

<sup>4</sup> Grant Thornton (2011) Ministry of Jobs, Tourism and Innovation: BC Provincial Nominee Program Evaluation Report. Available from: [http://www.welcomebc.ca/welcome\\_bc/media/Media-Gallery/docs/immigration/come/BCPNPEvaluation\\_MainReport\\_2011.pdf](http://www.welcomebc.ca/welcome_bc/media/Media-Gallery/docs/immigration/come/BCPNPEvaluation_MainReport_2011.pdf)

- Lack of awareness and knowledge of immigration program requirements prevents employers from effectively using economic immigration programs to attract foreigners
- Foreign entrepreneurs provide capital and know how to support business development and succession. Not enough is being done to attract and support them, especially in regions outside the lower mainland
- BC's share of the capital collected through Federal Immigrant Investor category is not commensurate with the number of investors residing in BC

In order to further efforts with the BC PNP Business Immigration stream there needs to be more support and engagement with businesses preparing for succession.

### **Processing Time**

Throughout consultations with financial sector representatives, it was confirmed that there is no shortage of international investors who are interested in doing business in Canada. It was noted that extensive processing times and annual caps on new applicants are resulting in many investors "taking their money elsewhere".

"Interviews with Immigration consultants and lawyers revealed that processing times are perceived to have a much stronger impact on program competitiveness than fees. Applications under the [Regional Business Succession Option](#) currently receive priority processing, and are normally processed within 9 to 12 months of receipt. For all other applications under the Business Immigration stream, BC PNP is currently processing applications received in May 2012"<sup>5</sup>. The Ministry has responded in 2011 that they are streamlining business plan review process and considering eliminating the preliminary application, action that has yet to be realized.

### **Program Monitoring**

In order to create further success with the BC PNP Business Succession program, a solid understanding and positive perception of the program amongst BC Business owners is needed. It is critical that this program has clear monitoring guidelines so that business owners looking to sell their business are aware of the program and see it as a key resource/option

### **Conclusion**

Overall the BC PNP Program is increasing benefits of immigration to British Columbia. The need to attract and retain skilled labour and business immigrants is vital to the success of transitioning businesses in our province. There are some key issues that need to be addressed to ensure the programs on-going effectiveness. These include developing strategies to address program accessibility, processing time and integrity.

### **THE CHAMBER RECOMMENDS**

That the Provincial Government develop and refine the Provincial Nominee Program in order to:

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<sup>5</sup> BC Provincial Nominee Program - Application Processing Times. Available from: <http://www.welcomebc.ca/Immigrate/About-the-BC-PNP/The-BC-PNP-Introduction/About-the-BC-PNP/Processing-Times.aspx>

1. have employers easily access information and resources on PNP Business Succession program;
2. decrease processing time for PNP Business Succession applications to six months or less; and
3. develop enhanced monitoring guidelines

Submitted by the Kamloops Chamber of Commerce Policy Committee