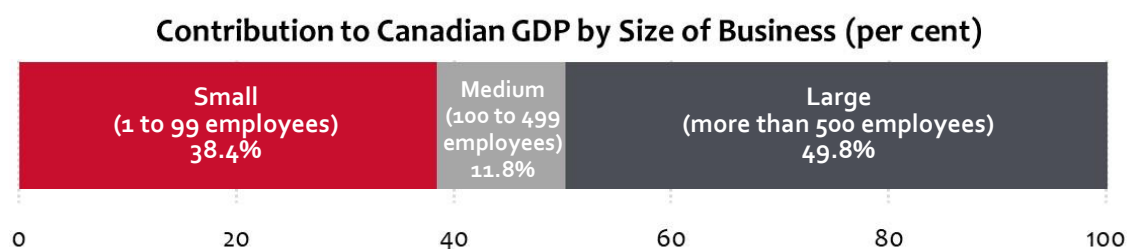


Small Businesses in the Calgary Economy

Contribution of Small Businesses to the Economy

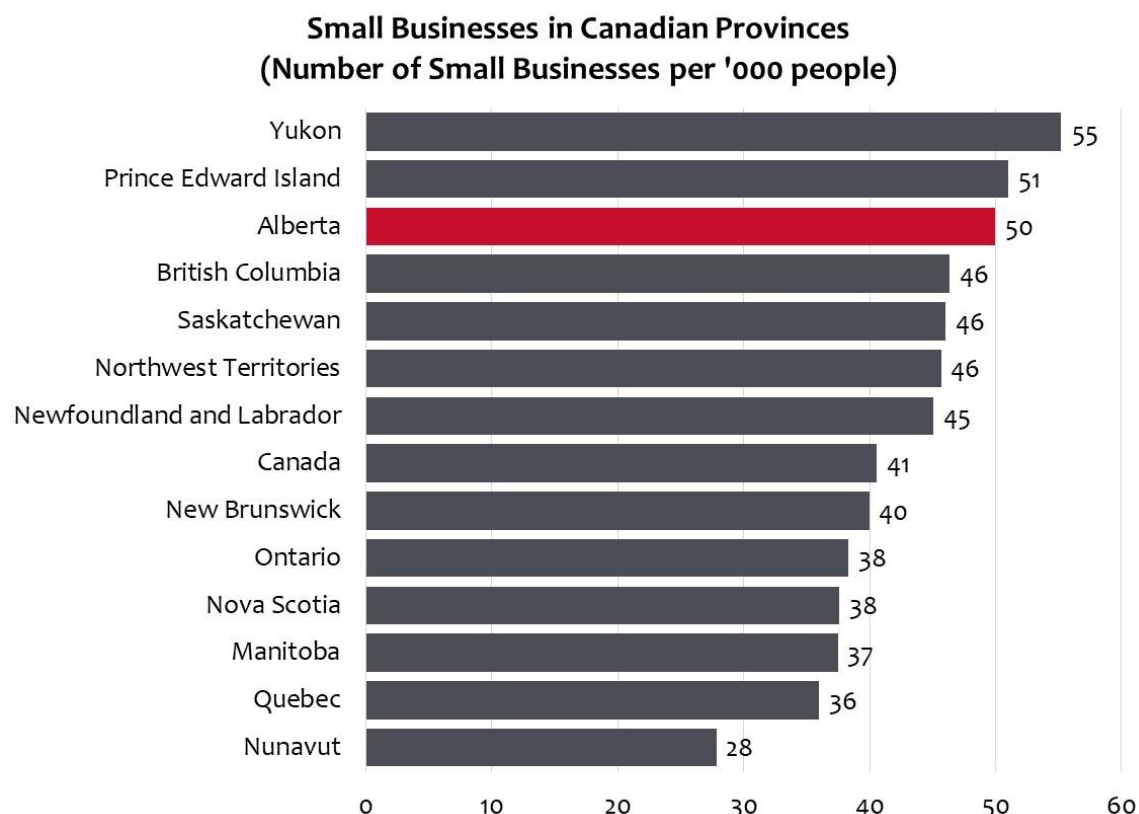
Multiple definitions of small businesses exist. Examples include using the level of loan authorization (Canadian Banker's Association), the level of export sales (Export Development Canada), and the number of employees (Industry Canada). The Industry Canada definition aligns more closely to the Municipal Government Act (MGA), but the threshold of fewer than a hundred employees is different. These businesses make a significant contribution to the Canadian economy. They foster economic growth, employment and income. Gross domestic product (GDP) measures the value industries, through their activities, add to inputs. Small businesses contribute about two out of every five dollars in Canadian GDP.



Sources: Statistics Canada, Industry Canada, Corporate Economics and Regulatory Affairs

High Concentration of Very Small Businesses in Alberta

While the information on the contribution to GDP is currently only available for businesses with fewer than a hundred employees, information on business counts suggests that a lot of that contribution would be due to businesses with fewer than fifty employees. In 2018, Canada had 1,212,833 businesses with fewer than fifty employees compared with 34,430 businesses with 50 to 99 employees. The province of Alberta has a much higher concentration of the MGA definition of small businesses (fewer than 50 employees) than the Canadian average. In mid-2018, there were 50 small businesses in Alberta per thousand individuals aged 18 years and over. The Canadian average was 41 small businesses per thousand individuals aged 18 years and over.

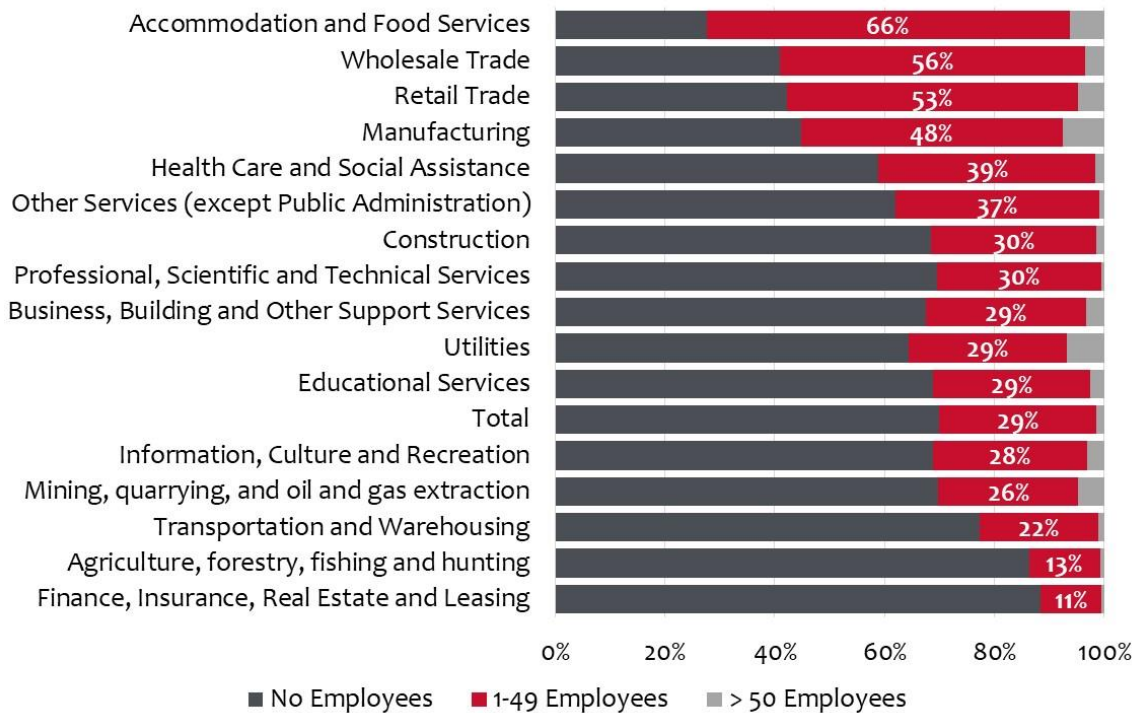


Sources: Statistics Canada, Industry Canada, Corporate Economics and Regulatory Affairs

Many Small Businesses right across all Calgary industries

At the end of 2018, there were 49,073 small businesses in the city of Calgary. Small businesses represented 29 per cent of the business community. Sole proprietorships (with self-employed individuals) represented 70 per cent of businesses (120,070), and 2,615 (or 1 per cent) were medium and large businesses. A single industry in the services-producing sector – Professional, Scientific, and Technical Services - had 10,457 businesses (or 21 per cent) of Calgary's small businesses. The industry is the service industry most closely tied to oil and gas extraction. Small businesses represented more than half of the business community in three industries – accommodation and food services, wholesale and retail trade.

Industry Concentration (Sole Proprietorship, Small Business, Medium & Large Business)

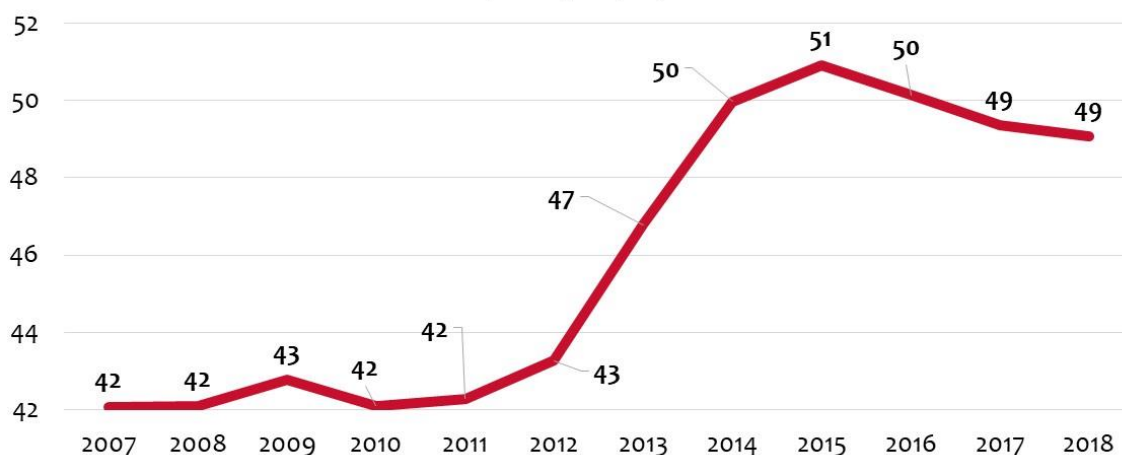


Sources: Alberta Economic Development & Trade, Canada Revenue Agency, Corporate Economics & Regulatory Affairs

The number of Small Businesses has not recovered to the Pre-Recession Level

Over the long-term, the number of small businesses in Calgary increased from 42,065 in 2007 to 49,073 in 2018. It is an average annual rate of increase of 1.4 per cent. The average growth rate of small businesses is faster than medium-to-large businesses (0.6 per cent) but lower than sole proprietorships (6.9 per cent). The growth rate of small businesses is similar to the growth rate of the economy over the 2007 to 2018 period. However, the level of economic activity (or GDP) surpassed pre-recession heights by 2018, while the number of small businesses is still below the peak. The number of small business peaked at 50,912 in 2015 as the recession commenced.

Growth of Small Businesses (1-49 Employees) in Calgary
(‘000 people)



Sources: Alberta Economic Development & Trade, Canada Revenue Agency, Corporate Economics & Regulatory Affairs