

Towards competitiveness:

Manitoba small business pre-election priorities

Marilyn Braun-Pollon, Vice-President, Prairie & Agri-business
Ben Kolisnyk, Policy Analyst

In advance of the October 4, 2011 provincial election, the Canadian Federation of Independent Business (CFIB) is putting forward constructive solutions that will help Manitoba businesses continue to grow and create opportunities for all Manitoba residents.

Introduction

CFIB is pleased Manitoba has declared 2011 the *Year of the Entrepreneur* to recognize the major contributions of entrepreneurs who drive employment and the economy in good times and bad. We hope this announcement pushes entrepreneurship to the forefront of the upcoming provincial election. CFIB believes the *Year of Entrepreneur* is a great opportunity for all parties to spell out their plan to help Manitoba small businesses do what they do best – create jobs and grow the economy.

It is CFIB's hope that this pre-election document will serve as a guide for the next government to address those key priorities important to Manitoba's business community. The Federation is presenting its pre-election priorities to all of Manitoba's political party leaders. Once the election is called, CFIB will survey all political leaders on key small business issues.

The Canadian Federation of Independent Business (CFIB)

By way of background, CFIB is a non-partisan, non-profit, political action organization with a membership comprised of over 108,000 small- and medium-sized enterprises (SMEs), with 4,800 members based in Manitoba. Our members are located in every region of the province, and with diversity in activity that closely parallels that of the province's economy.

CFIB was formed on the following philosophical foundations:

- ▶ To promote and protect a system of free competitive enterprise and to strengthen the entrepreneurial culture in Canada
- ▶ To give independent business a greater voice in determining laws that govern business and the nation
- ▶ To identify and eliminate obstacles by all levels of government that unnecessarily inhibit the viability and growth of independent business

As a democratic organization, CFIB policy positions are shaped from direct member input. This input is obtained through surveying or polling of members on relevant topical issues of interest to SMEs, surveys on specific policy questions or options, and from information gleaned from over 4,500 personal interviews per week across Canada between CFIB field staff and our members. We operate on the principle of “One Member – One Vote.”

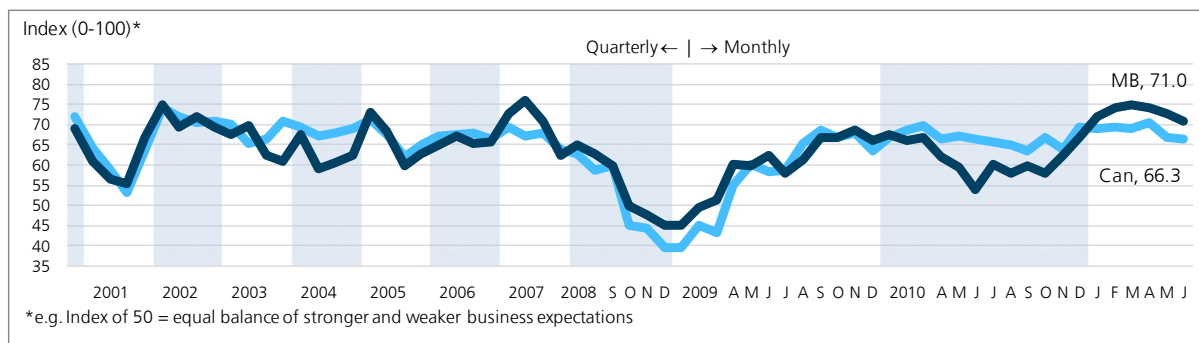
CFIB Monthly Business Barometer® – A look ahead for 2011

CFIB’s Monthly Business Barometer® has shown to be an extremely accurate indicator of economic growth and is utilized by a number of financial institutions in Canada including Bloomberg, the Bank of Canada and Scotiabank. Tracked against GDP, the Barometer index closely reflects what is currently happening in the economy. Measured on a scale between 0 and 100, an index level above 50 means owners expecting their businesses’ performance to be stronger in the next year outnumber those expecting weaker performance.

The Manitoba May 2011 Monthly Business Barometer® revealed optimism for the year ahead among small business owners in Manitoba continued to drop following a strong surge at the end of 2010 and early months of this year. The provincial index decreased slightly to 72.5 in May from an index of 74.3 in April, ahead of the national index of 66.9 (see Figure 1).

Figure 1:

CFIB Monthly Business Barometer Index (Manitoba vs. Canada) (% anticipating stronger performance)



Source: CFIB Manitoba Business Barometer, May 2011

Provincial highlights include:

- ▶ 46 per cent of Manitoba small business owners rated their overall state of business as good (37 per cent nationally);
- ▶ Top business constraint cited was the shortage of skilled labour (43 per cent);
- ▶ Fuel and energy costs (65 per cent), tax and regulatory costs (56 per cent), and wage costs (52 per cent) remain the top cost concerns for small business;
- ▶ 21 per cent of Manitoba businesses plan to increase full-time employment in the next 3-4 months (18 per cent nationally) and only 6 per cent plan to decrease (11 per cent nationally).

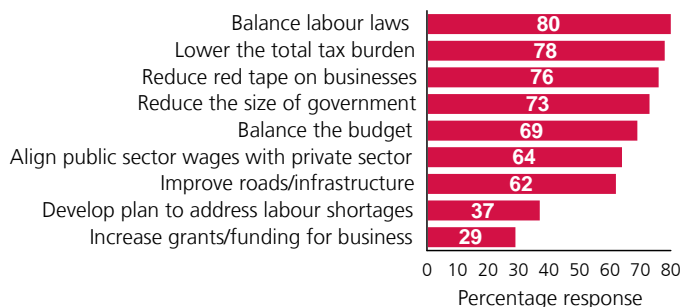
While the level of optimism has improved in Manitoba over the last year, we must remember that governments can either fuel or dampen optimism by the policies they introduce.

Small business development priorities

When asked how the Manitoba government should prioritize various actions to support small business and entrepreneurship, an overwhelming 80 per cent of Manitoba business owners cited balancing labour laws as their top priority – ensuring Manitoba labour laws work for both employers and employees (see Figure 2).

Figure 2:

How should the Manitoba government prioritize the following actions to support small business and entrepreneurship?



Source: CFIB Focus on Manitoba, October 2010

with the private sector. Sixty two per cent said improving Manitoba's roads/infrastructure was a priority. Thirty seven per cent believe the Manitoba government must develop a comprehensive approach to address labour shortages. Only 29 per cent cited an increase in grants/funding for Manitoba businesses (see Figure 2).

Progress has been made with Manitoba becoming the first province with a zero per cent small business tax rate and the recent legislative changes to allow businesses to create flexible work-hour agreements with employees. While these steps are certainly welcomed, there is still more work to do to address Manitoba's outstanding competitive challenges.

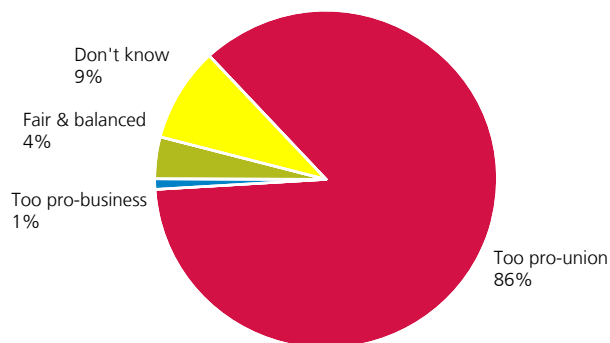
Balancing labour laws

It is important that provincial labour laws are fair to both employers and employees. Many local and national firms do not view Manitoba as 'open for business' from a labour legislation perspective.

When surveyed on the issue of their overall view of Manitoba's current labour laws, 86 per cent of business owners said they viewed Manitoba labour laws as too pro-labour/union. Only 4 per cent said they are reasonably fair and balanced. One per cent said they are too pro-business (see Figure 3). No clearer example of this union bias exists than Manitoba's refusal to reinstate secret balloting in all certification attempts.

Figure 3:

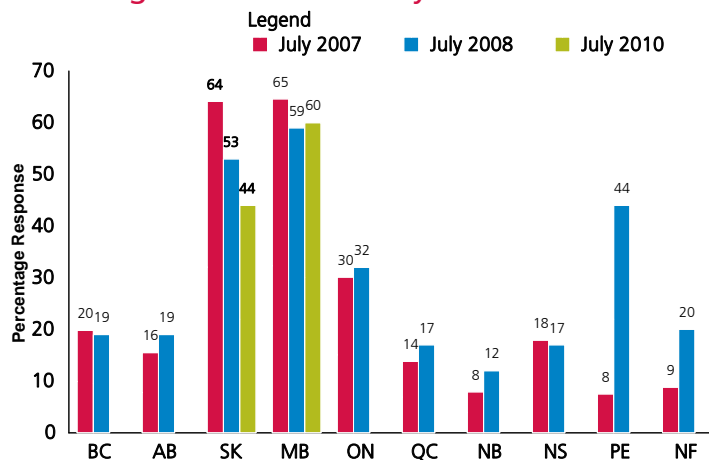
What is your view of Manitoba's current labour laws?



Source: CFIB Focus on Manitoba, October 2010

Figure 4:

Manitoba's concern over provincial labour laws highest in the country



Source: CFIB Our Members' Opinions Survey No 60, 62, 66 – July 2010

In recent years CFIB's Manitoba members have consistently identified Manitoba's labour laws as one of their top concerns for doing business. In fact, among the provinces Manitoba business owners top the country as being the most concerned with provincial labour laws (see Figure 4).

CFIB believes Manitoba's Employment Standards Code should strive to create fair and flexible workplace arrangements that allow employers and employees to make arrangements that best suit their mutual needs.

Small business owners welcomed the recent introduction of Bill 23 as it will make it easier for employers

and employees to enter into flexible work hour agreements. However, we believe the provincial government should consider introducing further policy changes that will continue to address Manitoba's competitive challenges such as reinstating the secret ballot vote in all union certification attempts, allowing employers to communicate with employees in a certification drive and ensuring the amount of termination notice is the same for both employers and employees.

Another policy area of concern for Manitoba small business owners is minimum wage, which will increase from \$9.50 to \$10.00/hour on October 1, 2011 (a 67 per cent increase over the past ten years – more than three times the rate of inflation). Let's be clear, an increase in the minimum wage translates into two things – more taxes for the government and fewer hours for low income earners. We had hoped the provincial government would have at least introduced a few measures to mitigate the impact this increase will have on Manitoba small business owners by introducing a training wage or a gratuity wage.

Obviously, small business owners strive to provide competitive wages to attract and retain workers, but there are far more practical and effective ways to help low income Manitobans than raising the minimum wage. The government needs to consider alternatives like tax relief and training opportunities. We must remember the provincial tax-take of Manitoba's minimum wage earners is the highest in the country. Low levels of basic personal and spousal exemptions, combined with a personal income tax system that is not indexed to inflation are the culprits.

We also reject calls from various groups to automatically index Manitoba's minimum wage each year to economic indicators such as the Consumer Price Index (CPI) or according to the change in the average weekly earnings or the average industrial wage. CFIB opposes automatically tying Manitoba's minimum wage to any economic indicator as it assumes affordability every year and does not reflect

"A 67% increase in minimum wage instead of raising the taxable exemption makes no sense. Businesses didn't receive a 67% increase in gross profits."

"The government froze their workers' wages because they couldn't afford a raise this year, but gave my workers a raise without my consent. How democratic is that? "

"Continual minimum wage increases in turn puts pressure on all wages to increase."

CFIB Manitoba members

current market conditions. Employers should have the right to increase employee wages on their own terms without government intervention.

Recommendations:

1. Reinstate the secret ballot vote in all union certification attempts.
2. Allow employers to communicate with employees in a certification drive.
3. Ensure the amount of termination notice is the same for both employers and employees and that provisions requiring notice from employees to employers be strengthened and promoted.
4. Abandon further increases to the minimum wage and instead explore a number of common sense alternatives as part of a strategy that will truly assist low-income earners such as:
 - a. Provide Income tax relief – continue to increase the basic personal/spousal exemptions and/or reducing income tax rates. Ensure that low-income workers keep all of their earnings.
 - b. Encourage and reward workplace training
 - *Improve the skill sets of low-income earners:* Low-income earners who want to upgrade to better-paid positions should be given the opportunity to do so. Small businesses should be given more assistance in providing additional workplace training.
 - *Introduce a training tax credit payable to employers:* This would be based on provincial payroll tax or workers' compensation filings: The tax credit would be similar to an EI training credit linked to changes in assessable payroll for EI purposes.
 - *Introduce a training tax credit payable to employees:* This would be payable to employees based on achieving an employer's training objectives. This concept could support the creation of short, focused training plans for employees, where employers would outline a few definable training goals.
 - *Introduce a special training wage similar to Nova Scotia.* This would help offset some of the costs associated with new worker training and turnover.
 - c. Gratuity Wage for workers who earn tips
 - *Introduce a gratuity wage for workers who earn tips.* Over 22 per cent of workers earning minimum wage are in the accommodation and hospitality sector. Many of them earn tips, meaning they earn much more than the minimum wage. On March 16, 2011 the BC government introduced a special minimum wage for liquor servers which will be phased in, beginning May 1, 2011. It will be modelled on what now exists in Ontario for employees who serve liquor directly to customers or guests in licensed premises as a regular part of their work.
5. Reject proposals to automatically index Manitoba's minimum wage each year to economic indicators such as the Consumer Price Index (CPI) or according to the change in the average weekly earnings or the average industrial wage.
6. Build on Provincial Nominee Program success to develop a comprehensive strategy to deal with labour shortages.

Ensure competitive taxation - create long-term tax cut plan

A Step in the Right Direction – Manitoba small business tax rate falls to zero

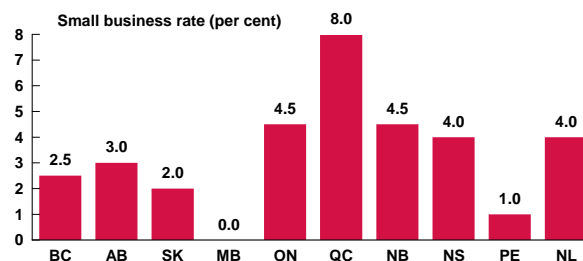
Manitoba has made some good progress on corporate taxes. CFIB commended the government for becoming the first province in Canada to eliminate the small business tax rate as of December 1, 2010.

“The elimination of the small business tax was a good thing. We plan on putting it toward another employee or moving our part-time employee to full-time.”

CFIB member, hotel owner, Portage la Prairie

Figure 5:

Small Business Corporate Income Tax – Interprovincial Comparison (2012)



Source: Provincial government websites

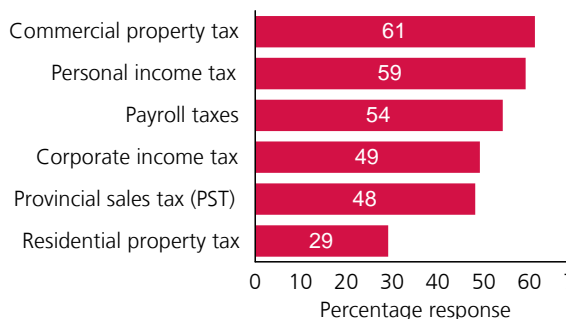
While that's a great start, we need to do more – particularly on the small business threshold of \$400,000. Manitoba's threshold lags all other provinces except Nova Scotia and its general corporate tax rate of 12 per cent is tied with Saskatchewan for the highest rate in Western Canada. Steps must be taken to increase Manitoba's small business threshold and further reduce the general corporate tax rate.

Tax cut priorities

When small business owners were asked which of the following taxes impacted their business the most, the majority (61 per cent) cited commercial property tax, followed by personal income tax (59 per cent), payroll taxes (54 per cent), corporate income tax (49 per cent), provincial sales tax (48 per cent) and residential property tax (29 per cent) (see Figure 6).

Figure 6:

Which of the following taxes impact your business the most?



Source: CFIB Focus on Manitoba, October 2010

Commercial property tax relief

One of the reasons commercial property tax is #1 on the list is because it's profit insensitive. Firms have to pay this whether they are making money or not. Another reason why this tops the list is the significant tax relief that has been provided to residents to deal with education property tax – the elimination of the ESL and the provincial tax credit for local school division taxes.

Why a long-term plan to eliminate the ESL for commercial properties is needed:

- ▶ Government phased out the ESL for homeowners, not so for businesses
- ▶ Government now has a \$700 tax credit for homeowners against school division taxes, not so for businesses
- ▶ Local school division taxes are increasing significantly
- ▶ Profit-insensitive taxes like this are particularly challenging during more difficult economic times

Small business owners want the provincial government to develop a long-term plan to eliminate the Education Support Levy (ESL) for commercial property owners. This levy was eliminated for residential property owners in 2006 so it seems only fair that commercial property owners receive the same treatment. While the recent move to increase the residential property education tax credit from \$650 to \$700 and the Farmland School Tax Rebate from 75 to 80 per cent were well received, commercial property owners are still waiting for similar relief.

Personal Income taxes

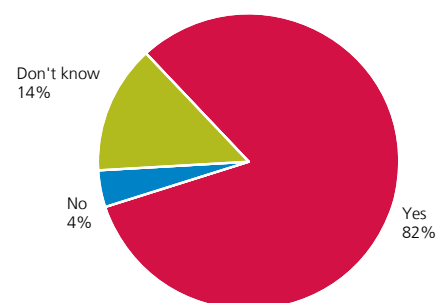
Manitoba's personal income tax load is an issue for owners who take a salary out of their business, but also from the perspective of staff and customers having more disposable income.

On personal income taxes, for example, Manitoba has been lagging for several years and has the distinction of having the least competitive income tax system in Western Canada.

When small business owners were asked if the Manitoba government should, at a minimum, ensure that provincial tax levels are competitive with Saskatchewan, an overwhelming 82 per cent agreed, only 4 per cent disagreed and 14 per cent didn't know (see Figure 7).

Figure 7:

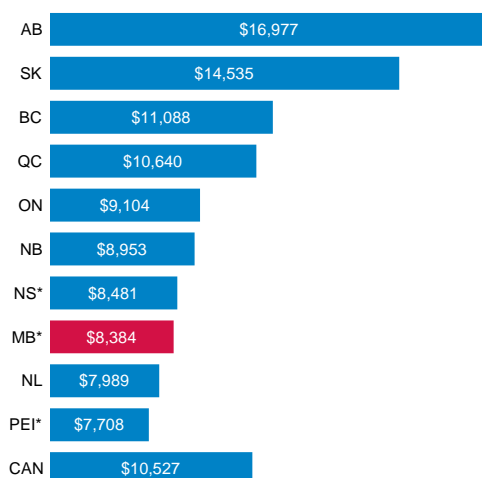
Should the Manitoba government, at a minimum, ensure that provincial tax levels are competitive with Saskatchewan?



Source: CFIB Focus on Manitoba, October 2010

Figure 8:

2011 Basic Personal Exemption, by province (\$)



Source: Canada Revenue Agency, 2011, *not indexed to inflation

The recent announcement to raise Manitoba's basic personal exemption by \$1,000 to \$9,134 by 2014 is welcomed, but it certainly doesn't go far enough. A Saskatchewan resident will be able to earn 60 per cent more, or \$14,535, before paying any tax (see Figure 8). In 2011 a family of four in Manitoba with an income of \$60,000 will pay \$2,317 or 320 per cent more income tax than the same family in Saskatchewan (see Table 1).

CFIB believes meaningful personal income tax relief includes indexing brackets and exemptions to inflation (Manitoba is one of only three provinces that doesn't index). Indexation can help Manitobans avoid hidden tax increases every year courtesy of inflation. Further increases in Manitoba's basic personal exemption must also be considered. It really shouldn't be an either or decision.

Table 1:

2011 Interprovincial Comparison of Income Taxes

	<i>Single earner at \$30,000</i>		<i>2 earner family at \$60,000</i>		<i>2 earner family at \$75,000</i>	
Province	Saskatchewan	Manitoba	Saskatchewan	Manitoba	Saskatchewan	Manitoba
Provincial Income Tax	\$1,296	\$1,435	\$725	\$3,042	\$1,470	\$4,165
Difference (% more paid in Manitoba)	11%		320%		183%	

Source: 2011 Manitoba Budget

The Manitoba Payroll Tax – affecting Manitoba’s competitiveness

Nearly three decades ago, the provincial government introduced the Health and Post Secondary Education Tax Levy (HE Levy), commonly known as the payroll tax. At CFIB it is known as the job killing Manitoba payroll tax because it is an incentive for businesses not to grow past a certain point; which ultimately limits job creation. Manitoba is the only province in Western Canada to have a separate profit-insensitive payroll tax. Effective January 1, 2008, employers with total remuneration in a year of \$1.25 million or less are exempted. Associated groups (associated corporations/certain corporate partnerships) must share the \$1.25 million exemption based on the total of their combined yearly payroll.

When asked to reduce the burden of the tax, governments frequently question how they would fill the gap left by revenue the tax generates. Having weathered the effects of the ongoing recession themselves, small and medium sized enterprises know well the difficulties the government is facing and recognize the challenges the next government will have to balance the budget. But this is not an excuse to continue punishing Manitoba businesses for their success. Instead, CFIB urges the next government to restrain spending to balance the budget earlier freeing up revenue to fill the gap left by reducing and eventually eliminating this tax. Eliminating the tax will help businesses and the provincial economy flourish.

Although governments have made efforts to alleviate the burden of the payroll tax through increased exemptions and reduced rates, much is left to be done in order to improve the business climate in Manitoba. The next government should implement a long-term plan to phase out the payroll tax.

Recommendations:

While there are those who say tax cuts will jeopardize much needed resources for education and health services, CFIB believes the best way to ensure Manitoba has sufficient resources to continue to provide quality health and education for the long term is by growing our economy and our tax base. A competitive tax environment encourages businesses to expand and generates job growth.

Create a long-term tax cut plan:

1. Develop a long-term plan to eliminate the ESL for commercial properties.
2. Personal income tax
 - a. Index the personal income tax thresholds and brackets to inflation.
 - b. Develop a long-term plan for personal income tax competitiveness with Saskatchewan with further increases to the basic personal exemption.

3. Implement a long-term plan to phase out the Health and Post-Secondary Education Tax Levy (the payroll tax) which includes one or a combination of the following measures such as reducing rates, increasing the exemption, and stop the unfair practice of requiring associated groups to share the \$1.25 million exemption based on the total of their combined yearly payroll.
4. Steps must be taken to further reduce the general corporate tax rate and increase the small business threshold.

Commit to red tape accountability



One other major frustration for small business owners is the issue of red tape. Manitoba has been conspicuously slow to follow the lead of other provinces, particularly British Columbia and Nova Scotia in implementing measures to achieve red tape accountability.

In fact, the BC government recently announced it will pass legislation requiring an annual report on regulation, making it the first government in Canada to enshrine regulatory accountability in law. BC is showing incredible leadership by effectively saying they understand red tape is a huge hidden tax and they are going to hold ourselves accountable for it. This is a vital win for small business owners whose lives are made miserable by red tape from all levels of government.

CFIB estimates that red tape costs Canadian businesses \$30 billion a year, including about \$945 million in Manitoba. Every new regulation or rule diverts entrepreneurs and business owners from where their focus should be: building their business, creating jobs, and growing the economy. Our research shows that business owners would put the money saved from reduced red tape towards investments in equipment and expansion, paying down debt and increasing employee wages/benefits.

Manitoba has largely focused its regulatory reform efforts on its continued support of the BizPaL program and other services delivery improvements. While that's a good start, Manitoba should follow BC's lead and legislate the annual measuring, reducing, tracking and reporting of its regulatory burden. This important commitment remains on CFIB's unfinished business list.

"There is a general lack of common sense, or the people coming up with all of these regulations have absolutely no idea what they are doing."

"There are too many government rules, regulations, inspectors and kingdom building bureaucrats."

CFIB Manitoba members

New West Partnership Agreement

CFIB congratulated British Columbia, Alberta and Saskatchewan on the implementation of the New West Partnership Agreement, which is a comprehensive agreement to remove barriers to trade, investment and labour mobility between the three provinces. The Agreement came into effect on July 1, 2010. Small business owners strongly support an agreement that makes it easier to do business and essentially creates a level playing field, with the same rules for all sectors and all workers.

When surveyed, 79 per cent of Manitoba CFIB members supported removing barriers to trade, investment and labour mobility in Western Canada. Manitoba should no longer sit on the sidelines and join the New West Partnership Agreement.

Taxpayer Fairness & Service Code

CFIB's recommendations for improvement in customer service include introducing a *Taxpayer Fairness and Service Code* based on the one used in British Columbia and Saskatchewan.

British Columbia and Saskatchewan introduced common sense fairness codes in 2005 and 2009 respectively, which have helped create a much more taxpayer friendly culture. Both Codes contain important provisions such as the right to get information in writing and the right to rely on that information-if the tax authorities get it wrong the taxpayer isn't on the hook. But the most important thing the Code does is treat taxpayers like partners not adversaries. It's a great model that Manitoba should embrace.

Recommendations:

1. Commit to legislate red tape accountability that includes success factors such as: measurement; reduction/constraints on regulators; public reporting and political leadership.
2. Join the New West Partnership Agreement.
3. Implement a Taxpayer Fairness & Service Code.
4. Continue to support expansion of BizPaL.

Ensure sustainable spending and balance the budget

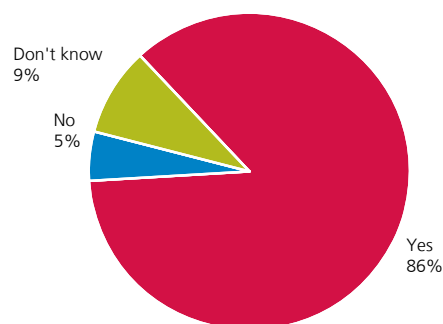
Just like families and small business owners, it's essential that the government live within its means. In the last few years we have experienced the worst economic recession since World War II making it even more crucial that government control spending. CFIB's research reveals Manitoba is the only province to have a larger deficit in a recovery year than in a recession year. In Manitoba, we have witnessed five years of deficit financing; draining of the rainy day fund; and eroding of balanced-budget legislation.

Nearly \$807 million will be spent on servicing the debt this year with no debt repayment or plan to repay that debt which is projected to reach \$14.8 billion. In fact, when small business owners were asked if debt repayment should be a higher priority for the provincial government, an overwhelming 86 per cent of respondents agreed, only 5 per cent disagreed and 9 per cent did not know (see Figure 9). We have to do better at controlling spending because we all know that today's deficit/debt is tomorrow's taxes.

Figure 10 looks at all Manitoba government spending growth compared to population and inflation growth since 1996. It shows that spending has grown faster than our ability to pay for it. Clearly we need to get fiscal responsibility back on the government's priority list. By CFIB's calculations, with a little fiscal austerity by limiting spending to inflation for two years, the government could restore balanced budgets ahead of schedule.

Figure 9:

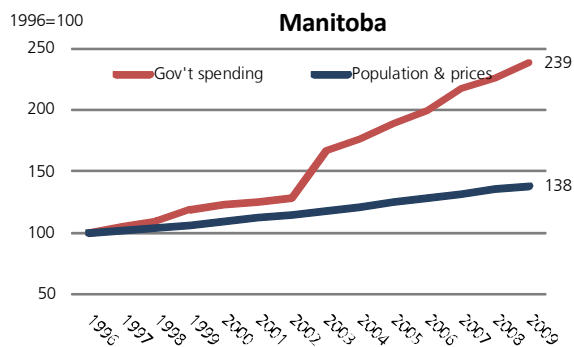
Should debt repayment be a higher priority for the provincial government?



Source: CFIB Focus on Manitoba, October 2010

Figure 10:

Manitoba government spending growth vs population and inflation growth



Source: CFIB, based on Dept of Finance Fiscal Reference Tables, Statistics Canada

Some provinces have taken steps to reduce the size and cost of its civil service. The 2010 Saskatchewan budget took an innovative approach and committed to reduce the size of the government's civil service by at least 15 per cent over four years (primarily through attrition). The next government should take a similar approach and introduce a plan to reduce the size of the civil service over time, as well as narrow the 28 per cent gap between public-sector and private-sector wages and benefits. It is a fiscally worthwhile goal.

Until governments at all levels get serious about tackling this key component of their budgets, we fear we will continue to see unsustainable levels of spending.

Recommendations:

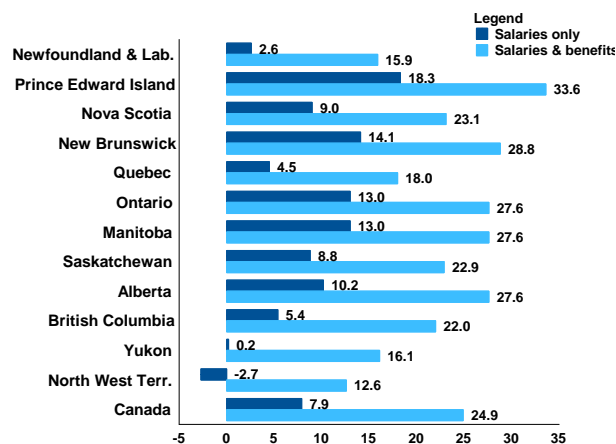
1. Limit core spending to inflation for two years
2. Narrow the gap between public sector and private-sector wages/benefits and reduce the government's footprint through attrition
3. Restore commitment to meaningful balanced budget legislation
4. Update the timetable for elimination of Manitoba's general purpose debt

In addition to controlling spending and restoring a commitment to balanced budget legislation, government must narrow the gap between public-sector and private-sector wages and benefits.

In a CFIB report entitled, *Wage Watch: A Comparison of Public-sector and Private-sector Wages*, detailed analysis of the 2006 census findings on full-time earnings by occupation shows that Manitoba public sector employees are already paid close to 13 per cent more than similarly employed individuals in the private sector. Factor in non-wage benefits – like pensions – and provincial employees in Manitoba make 28.0 per cent more than their counterparts in the private sector (see Figure 11).

Figure 11:

Provincial and territorial government wage advantages (percent above comparable private sector wages)



Source: CFIB analysis of Census 2006 custom tabulation

Recommendations

The CFIB makes the following recommendations to assist the next government in addressing Manitoba's outstanding competitive challenges.

Balancing labour laws

1. Reinstate the secret ballot vote in all union certification attempts.
2. Allow employers to communicate with employees in a certification drive.
3. Ensure the amount of termination notice be the same for both employers and employees and that provisions requiring notice from employees to employers be strengthened and promoted.
4. Abandon further increases to the minimum wage and instead explore a number of common sense alternatives as part of a strategy that will truly assist low-income earners such as:
 - a. Provide income tax relief – continue to increase the basic personal/spousal exemptions and/or reduce income tax rates. Ensure that low-income workers keep all of their earnings.
 - b. Encourage and reward workplace training
 - *Improve the skill sets of low-income earners:* Low-income earners who want to upgrade to better-paid positions should be given the opportunity to do so. Small businesses should be given more assistance in providing additional workplace training.
 - *Introduce a training tax credit payable to employers:* This would be based on provincial payroll tax or workers' compensation filings: The tax credit would be similar to an EI training credit linked to changes in assessable payroll for EI purposes.
 - *Introduce a training tax credit payable to employees:* This would be payable to employees based on achieving an employer's training objectives. This concept could support the creation of short, focused training plans for employees, where employers would outline a few definable training goals.
 - *Introduce a special training wage similar to Nova Scotia.* This would help offset some of the costs associated with new worker training and turnover.
 - c. Gratuity Wage for workers who earn tips.
 - *Introduce a gratuity wage for workers who earn tips.* Over 22 per cent of workers earning minimum wage are in the accommodation and food sector. Many of them earn tips, meaning they earn much more than the minimum wage. On March 16, 2011 the BC government introduced a special minimum wage for liquor servers which will be phased in, beginning May 1, 2011. It will be modelled on what now exists in Ontario for employees who serve liquor directly to customers or guests in licensed premises as a regular part of their work.
5. Reject proposals to automatically index Manitoba's minimum wage each year to economic indicators such as the Consumer Price Index (CPI) or according to the change in the average weekly earnings or the average industrial wage.
6. Build on Provincial Nominee Program success to develop a comprehensive strategy to deal with labour shortages.

Ensure competitive taxation – create long-term tax cut plan

1. Develop a long-term plan to eliminate the ESL for commercial properties.
2. Personal income tax
 - a. Index the personal income tax thresholds and brackets to inflation.
 - b. Develop a long-term plan for personal income tax competitiveness with Saskatchewan with further increases to the basic personal exemption.
3. Implement a long-term plan to phase out the Health and Post-Secondary Tax Levy (the payroll tax) which includes one or a combination of the following measures such as reducing rates, increasing the exemption, and stopping the unfair practice of requiring associated groups to share the \$1.25 million exemption based on the total of their combined yearly payroll.
4. Steps must be taken to further reduce the general corporate tax rate and increase the small business threshold.

Commit to red tape accountability

1. Commit to legislate red tape accountability that includes success factors such as: measurement; reduction/constraints on regulators; public reporting and political leadership.
2. Join the New West Partnership Agreement.
3. Implement a Taxpayer Fairness & Service Code.
4. Continue to support expansion of BizPaL.

Ensure sustainable spending and balance the budget

1. Limit core spending to inflation for two years.
2. Narrow the gap between public sector and private-sector wages/benefits and reduce the government's footprint through attrition.
3. Restore commitment to meaningful balanced budget legislation.
4. Update the timetable for elimination of Manitoba's general purpose debt.