

# Manitoba Election 2023: Small Business Priorities

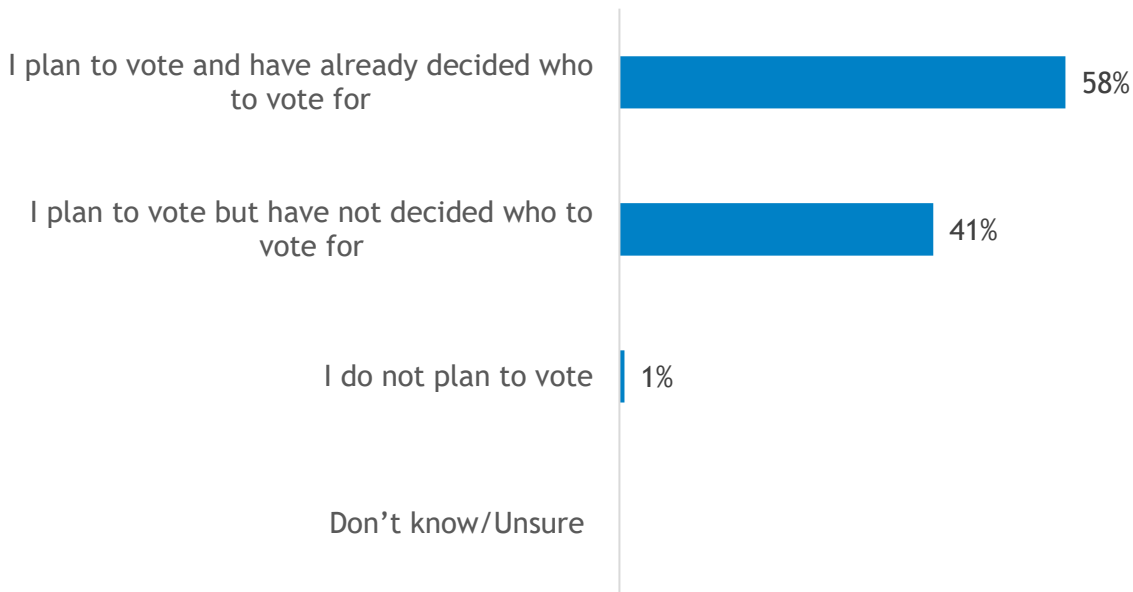
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The past three years have been a time of immense turbulence for Manitoba’s small businesses. In the wake of the pandemic, only half of Manitoba’s small businesses are back to their normal sales levels, while the majority continue to struggle due to pandemic-related debt and stress.

When asked about the upcoming Manitoba provincial election, 99 per cent of small business owners indicated they intend to vote [Figure 1], however, only 2 per cent are very confident that their concerns and priorities will receive attention during the election campaign [Figure 2].

[Figure 1]

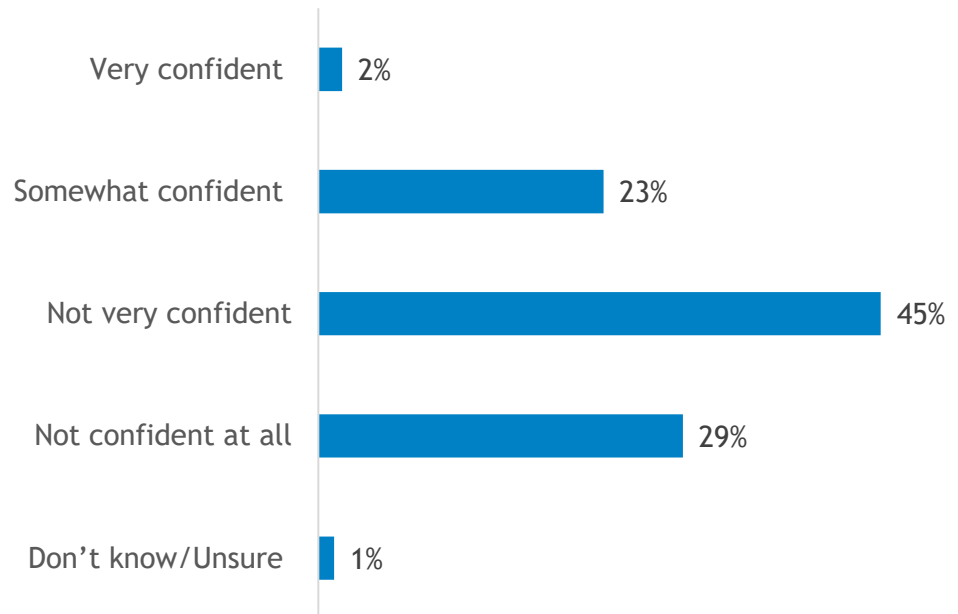
Which of the following best describes your plans for the upcoming Manitoba provincial election on October 3, 2023? (Select one)



Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

[Figure 2]

How confident are you that small business concerns and priorities will receive attention during the upcoming provincial election campaign? (Select one)



Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

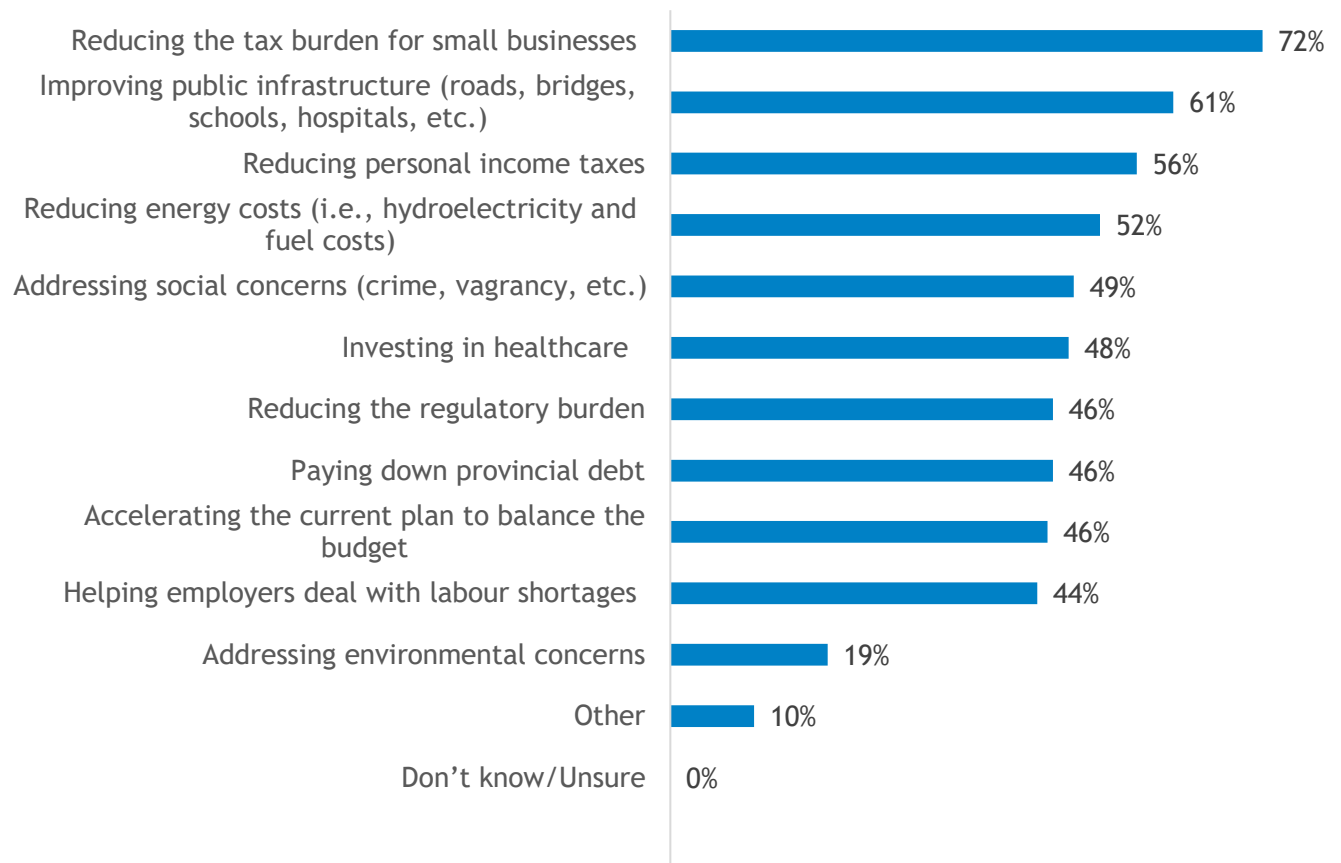
## Manitoba small business priorities

Since the next provincial government will be the steward of Manitoba's economic recovery, it is crucial that their priorities line up with those of small businesses. Currently, Manitoba small businesses' top priorities are affordability and improving public infrastructure.

According to our recent pre-election survey, Manitoba entrepreneurs would like to see party platforms prioritize: reducing the tax burden for small businesses (72%); improving public infrastructure (roads, bridges, schools, hospitals, etc.) (61%); reducing personal income taxes (56%); and reducing energy costs (52%).

[Figure 3]

Which of the following priorities would you like to see the political party platforms focus on? (Select all that apply)



Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

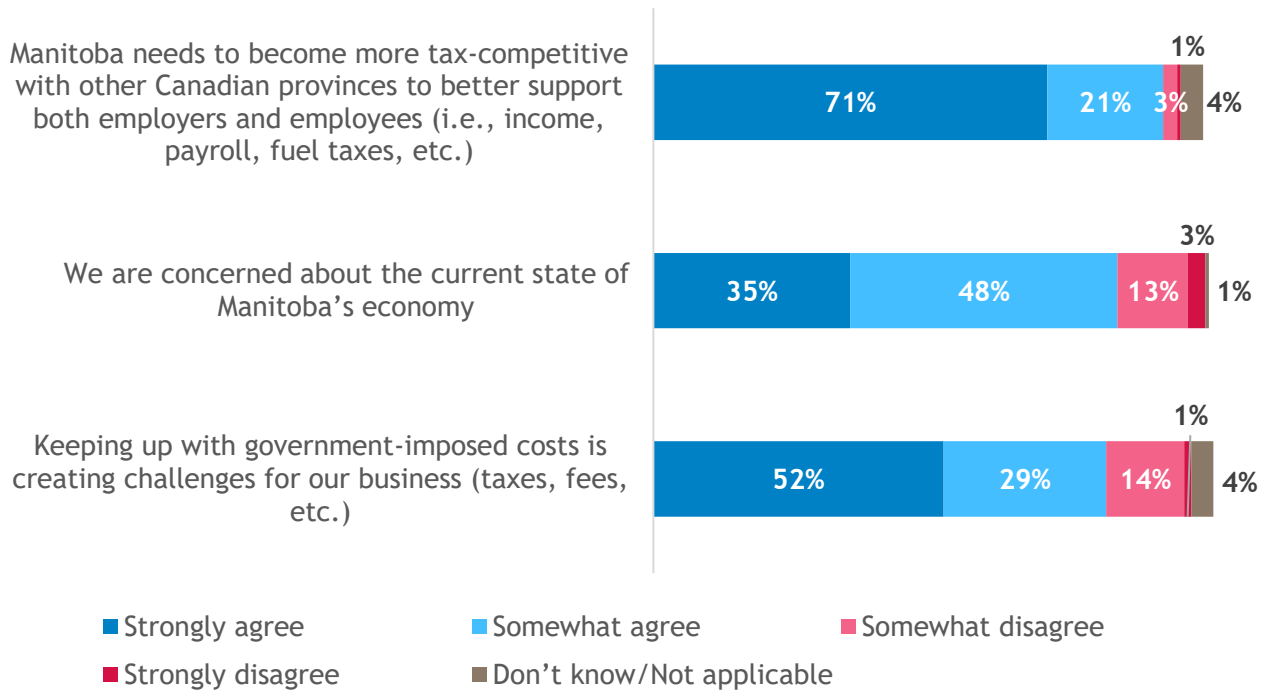
## Reducing costs for small businesses

The next provincial government must take a “do no harm” approach to policies that will affect small businesses. This means keeping existing costs and regulatory burdens low and fostering a tax-competitive environment. The provincial government must also avoid adding new costs and red tape that could hamstring small business recovery.

When we asked our members about Manitoba’s small business environment, tax-competitiveness was top of mind. In response to our pre-election survey, 92 per cent agreed that Manitoba needs to become more tax-competitive with other Canadian provinces to better support both employers and employees (i.e., lower income/payroll/fuel taxes, etc.). Additionally, 83 per cent of Manitoba small businesses indicated they are concerned about the current state of the provincial economy, and 81 per cent agreed keeping up with government-imposed costs is creating challenges for their business.

[Figure 4]

Please indicate the extent to which you agree or disagree with the following statements. (Select one for each line)

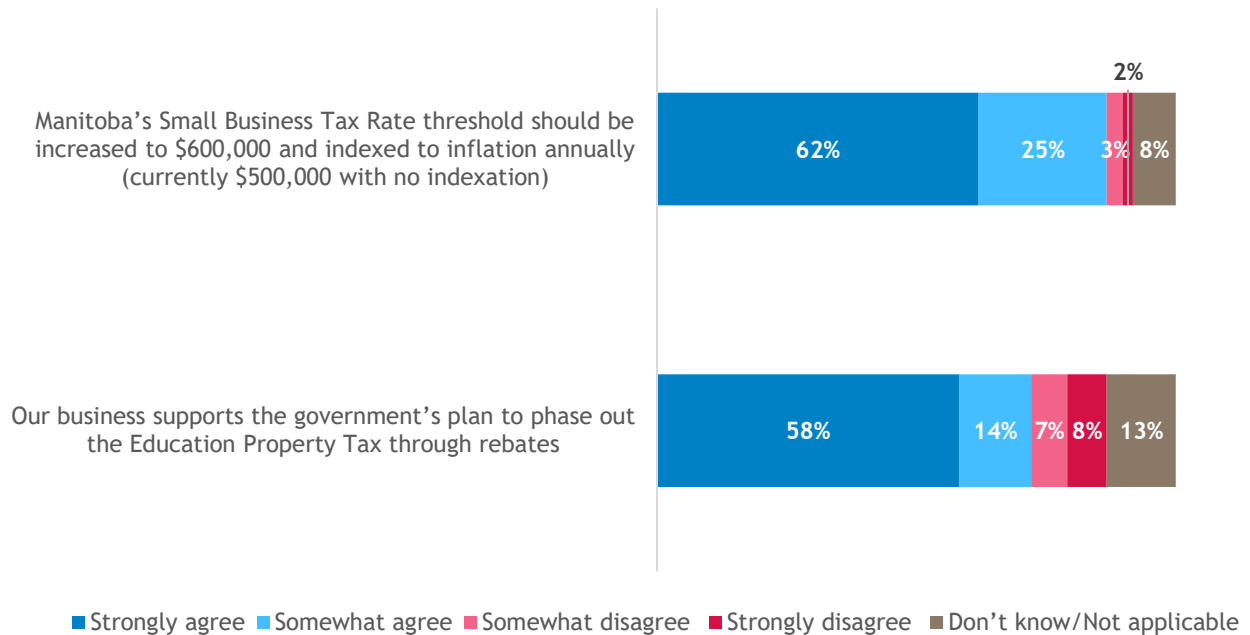


Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

To help tackle some of these issues, 87 per cent of Manitoba small businesses believe the government should consider increasing the small business corporate tax rate threshold to \$600,000 and indexing this to inflation annually. Over 7 in 10 businesses also showed support for continuing with the plan to phase out education property taxes through rebates [Figure 5].

[Figure 5]

Please indicate the extent to which you agree or disagree with the following statements. (Select one for each line)

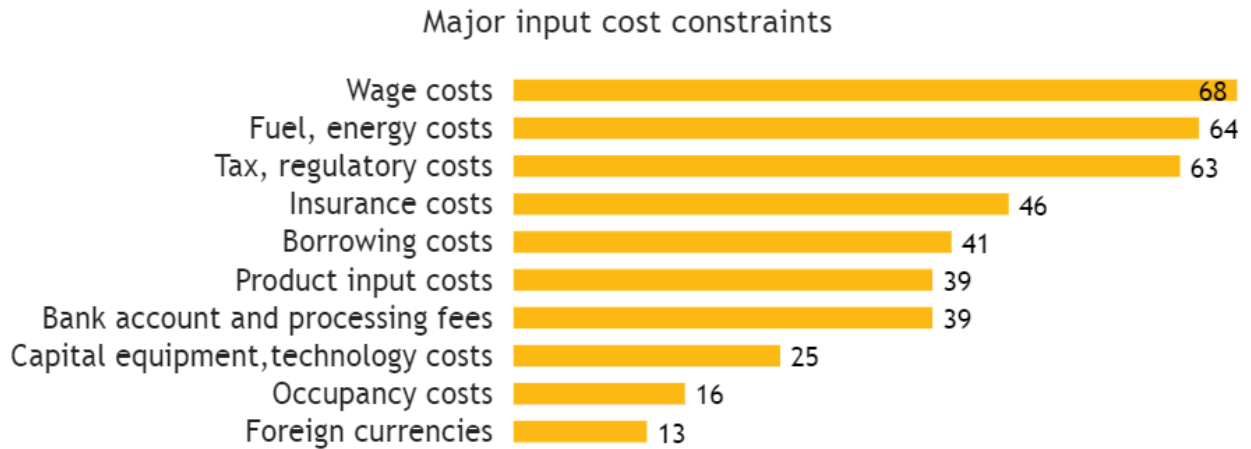


Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

Wage costs have become a big concern for Manitoba small businesses. Increases to the provinces minimum wage have forced many small businesses to give their employees raises - including raises for those who were already earning above the minimum. Not to mention, labour shortages are exacerbating these challenges. Many business owners have had to offer increasingly higher wages to attract and retain staff in this tight labour market.

[Figure 6]

What types of input costs are currently causing difficulties for your business?



Source: CFIB. Monthly Business Barometer, August 2023.

It is important for the next provincial government to recognize that lowering the tax burden and reducing other regulatory costs will go a long way to support small businesses. For example, 71 per cent of Manitoba business owners would like the province to increase the Health and Education Levy exemption threshold and reduce the associated tax rates.<sup>1</sup> When we asked Manitoba businesses what they would do with the tax savings if governments were to reduce the overall burden of taxes and fees, 60 per cent indicated they would pay down business debt, 54 per cent said they would increase employee compensation, and 42 per cent would use those savings to lower or maintain their prices [Figure 7].

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<sup>1</sup> CFIB. May 2023 Your Voice Survey, April 5-20, 2023. Final Results.

[Figure 7]

If governments were to reduce the overall burden of taxes and fees, what would your business do with the savings generated? (Select all that apply)



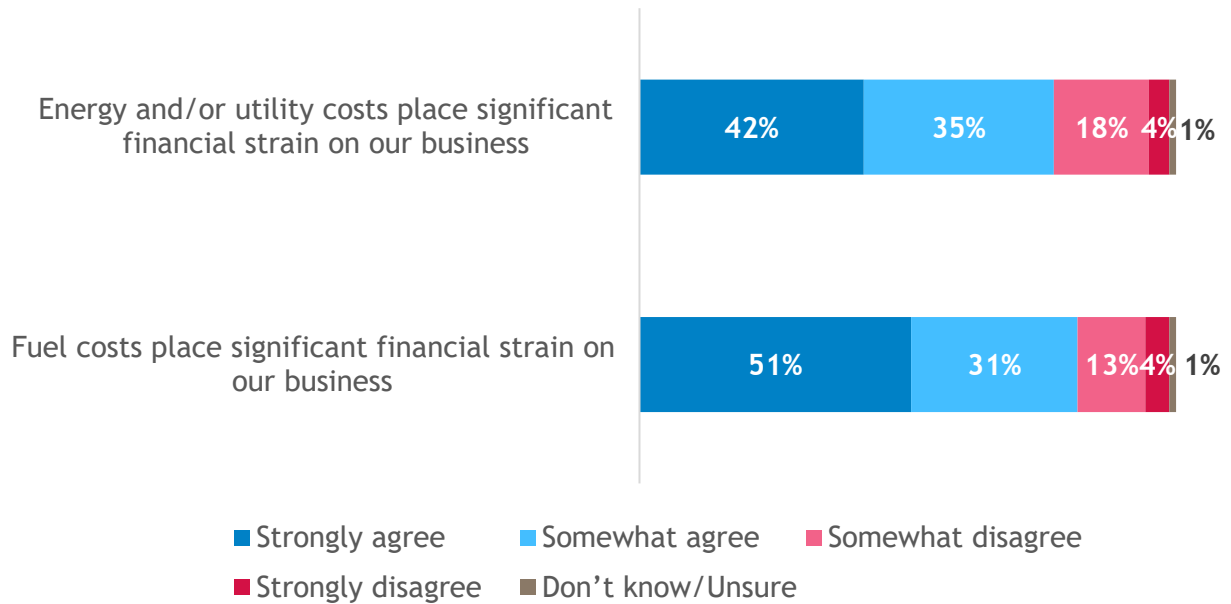
Source: CFIB, September 2022 Your Voice Survey, September 8-26, 2023. Final results, MB n= 170.

## Fuel/energy cost concerns

Fuel and energy costs have consistently been identified as a top concern for many small businesses in Manitoba [see Figure 8]. When Manitoba small businesses were asked to share their thoughts on fuel and energy costs, 82 per cent agreed that fuel costs are placing significant financial strain on their business. An additional 77 per cent indicated energy and/or utility costs are placing significant financial strains on their business.

[Figure 8]

Please indicate the extent to which you agree or disagree with the following statements about fuel/energy costs. (Select one for each line)



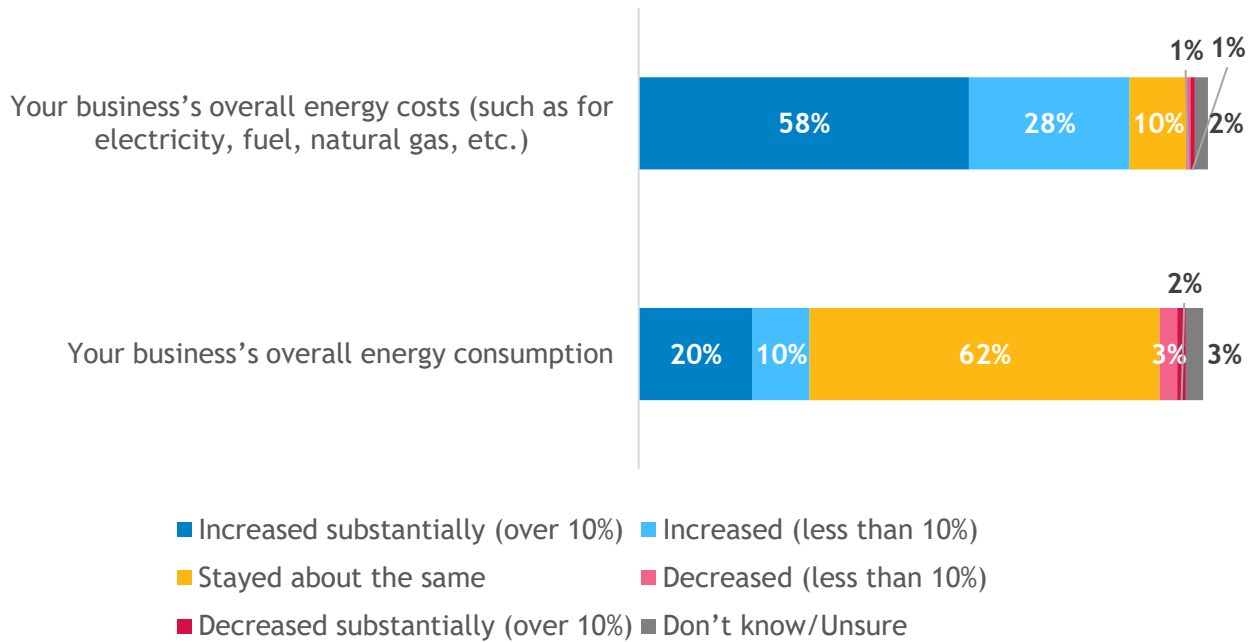
Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

According to CFIB survey data from earlier this year, 86 per cent of Manitoba small businesses have seen their energy costs increase despite their energy consumption staying about the same or decreasing [Figure 9]. This is even more concerning, given that nearly two-thirds (61%) of Manitoba small businesses indicate they cannot pass these increased energy costs onto their customers [Figure 10]. While CFIB recognizes that Manitoba has one of the lowest energy rates across Canada, the newly elected government must also acknowledge that small businesses cannot afford any additional fuel/energy cost increases at this time.



[Figure 9]

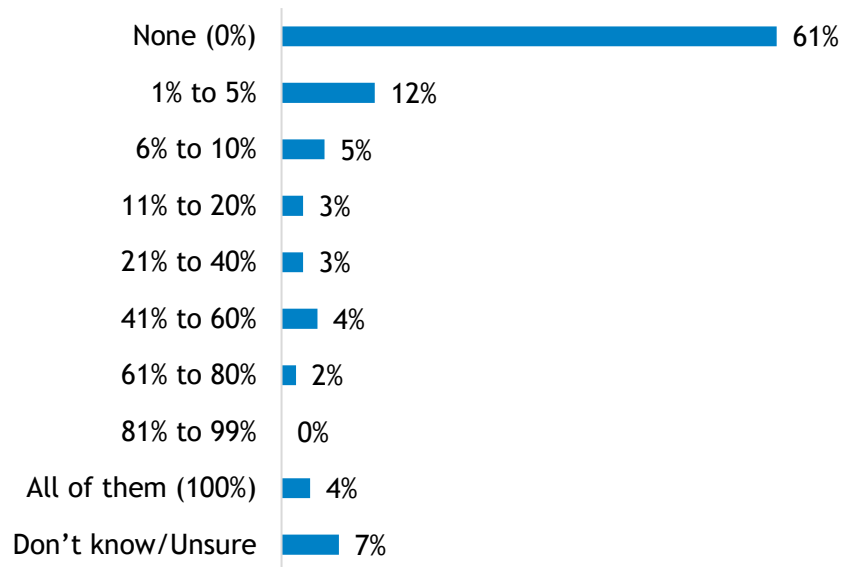
Please indicate how the following have changed in your business in the past 12 months. (Select one for each line)



Source: CFIB, January 2023 Your Voice Survey, January 18-31, 2023. Final results, MB n= 131.

[Figure 10]

How much of your business's increased energy costs are you able to pass on to your customers? (Select one)



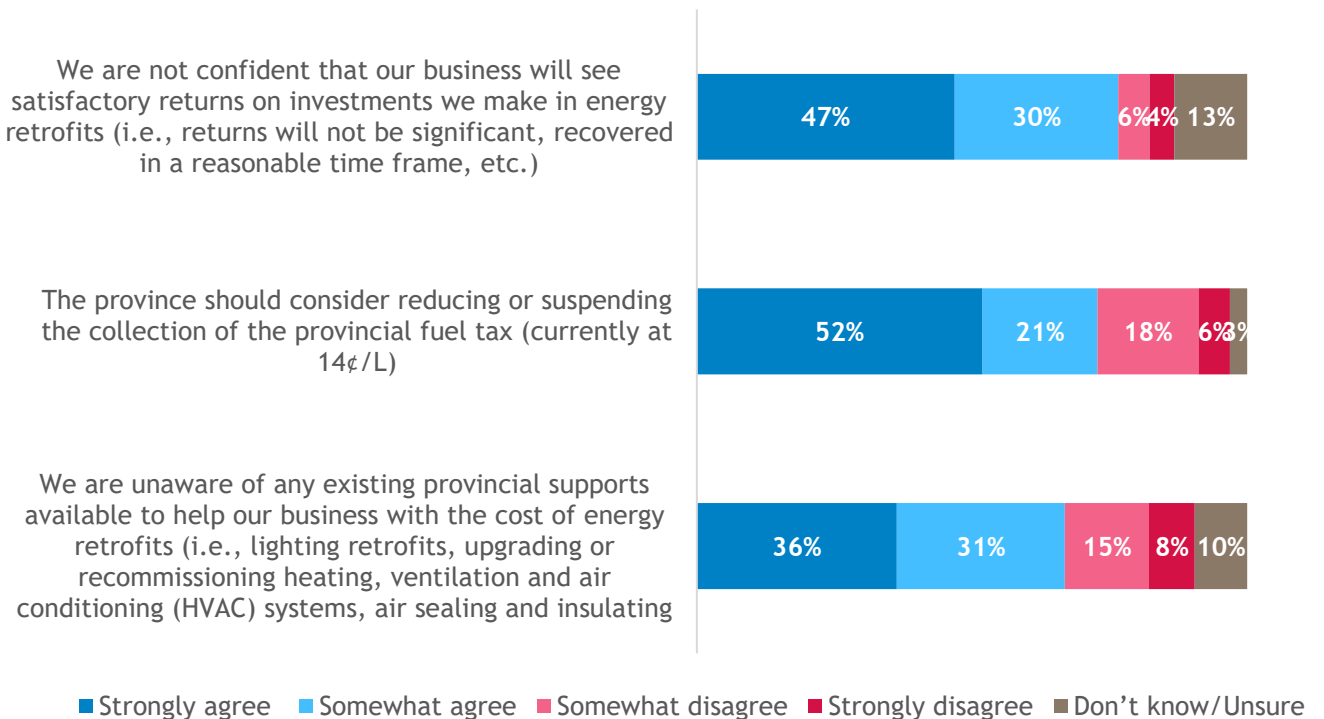
Source: CFIB, January 2023 Your Voice Survey, January 18-31, 2023. Final results, MB n= 113.

Energy retrofit programs such as ones provided by Efficiency Manitoba could be of help for many small businesses. However, 77 per cent of Manitoba business owners are not confident that their business will see satisfactory returns on investments they make in energy retrofits. Furthermore, 67 per cent are unaware of any existing provincial supports available to help our business with the cost of energy retrofits. If the province would like to see an uptick in small business involvement in the programs they are providing, they must ensure that these programs are well promoted and accessible for the targeted audience.

In terms of fuel costs, 73 per cent of business owners say the province should consider reducing or at least suspending the collection of the provincial fuel tax [see Figure 11].

[Figure 11]

Please indicate the extent to which you agree or disagree with the following statements about fuel/energy costs. (Select one for each line)



Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

## Reducing Red Tape for Small Business

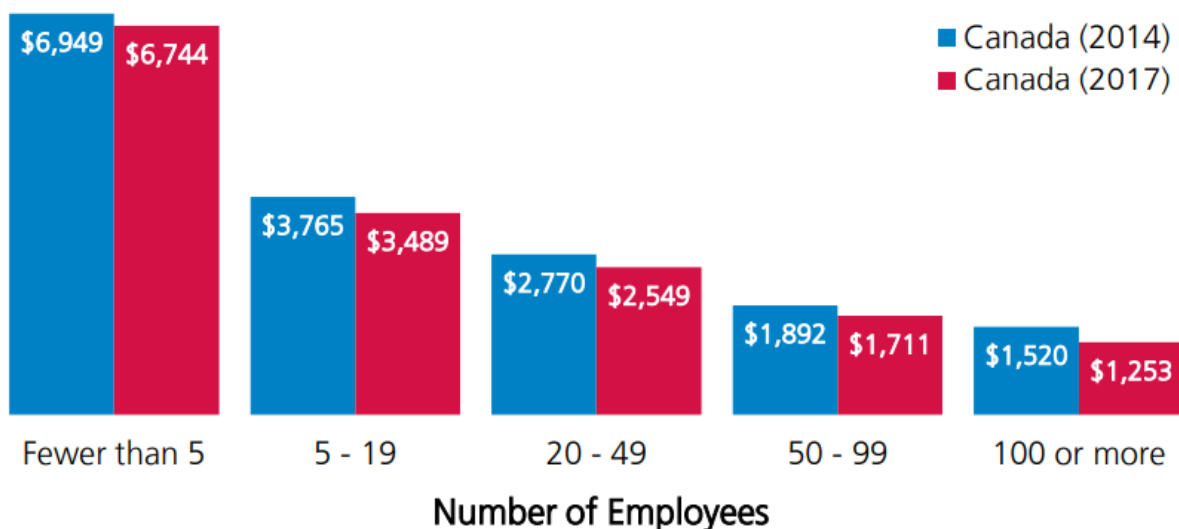
Along with taxation, red tape continues to be a top concern for small businesses. It is imperative the next government continue the province’s solid efforts to reduce red tape.

Red tape and excessive bureaucracy can limit productivity, lower investment capacity, and leave business owners with less time to manage their business. The smaller the business, the higher the cost

[Figure 12]. Red tape not only includes regulatory burdens such as paperwork and rules, but it also refers to the lack of ease experienced by business owners when interacting with governments. Not being able to get answers quickly from a government website or call centre, or not being able to understand forms or guidance documents can be a major setback for small businesses.

[Figure 12]

Average annual regulation cost per employee, by size of business (in 2017 dollars)



Source: Calculations based on CFIB's *Regulation and Paperburden Surveys* (conducted in 2017, n = 7,823; and 2014, n=8,867).

A blaring instance of red tape hindering societal growth is found in the administrative burdens Canadian physicians find themselves buried in. Small businesses are aware that a strong healthcare system is paramount to a healthy society. This is why, 61 per cent of Manitoba small businesses would like to see the next government commit to investing in public infrastructure (including hospitals) and 48 per cent would like to see the province make investments to improve healthcare [Figure 3].

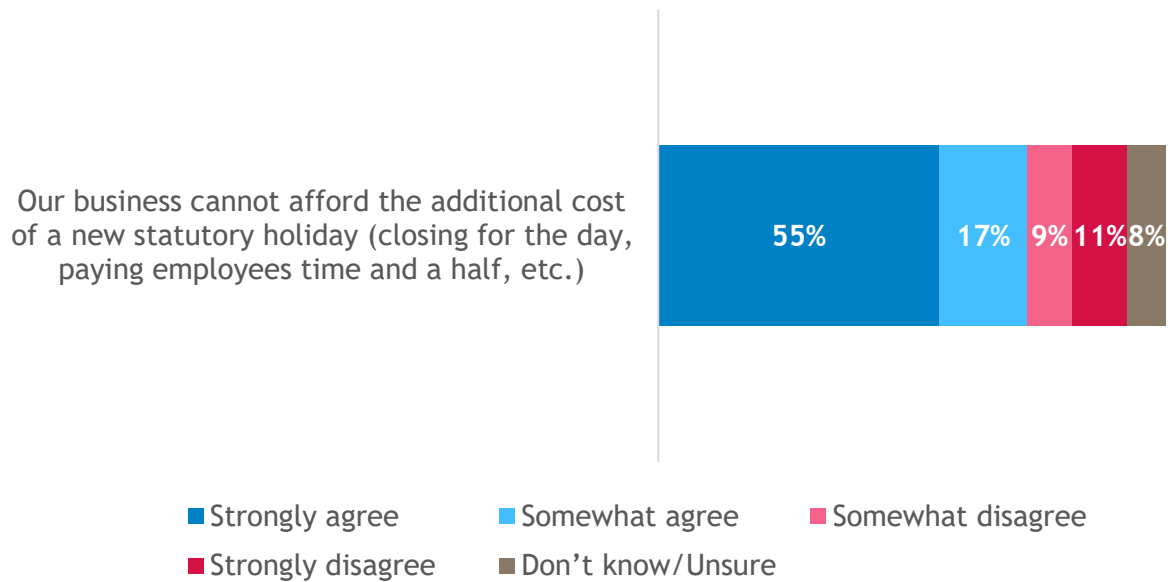
CFIB's report [Patients before Paperwork](#), estimates just a 10 per cent reduction in physician administrative work could allow for approximately 177,398 more patient visits annually in Manitoba. CFIB [commended the province](#) for launching a joint task force to reduce red tape for physicians, and we encourage the newly elected government to continue this initiative to further alleviate red tape.

## Statutory Holidays and Paid Sick Days

For small businesses to feel supported, it is not only important for the government to keep costs low, but also to avoid imposing new costs. We understand that the Manitoba government is considering recognizing September 30<sup>th</sup> as a statutory holiday (i.e., National Day for Truth and Reconciliation). While our members recognize the importance of this day, 72 per cent of them are afraid they cannot afford the additional cost of a new statutory holiday (i.e., closing for the day, paying employees time and a half, etc.).

[Figure 13]

Please indicate the extent to which you agree or disagree with the following statement about a new statutory holiday for Truth and Reconciliation Day in Manitoba. (Select one for each line)



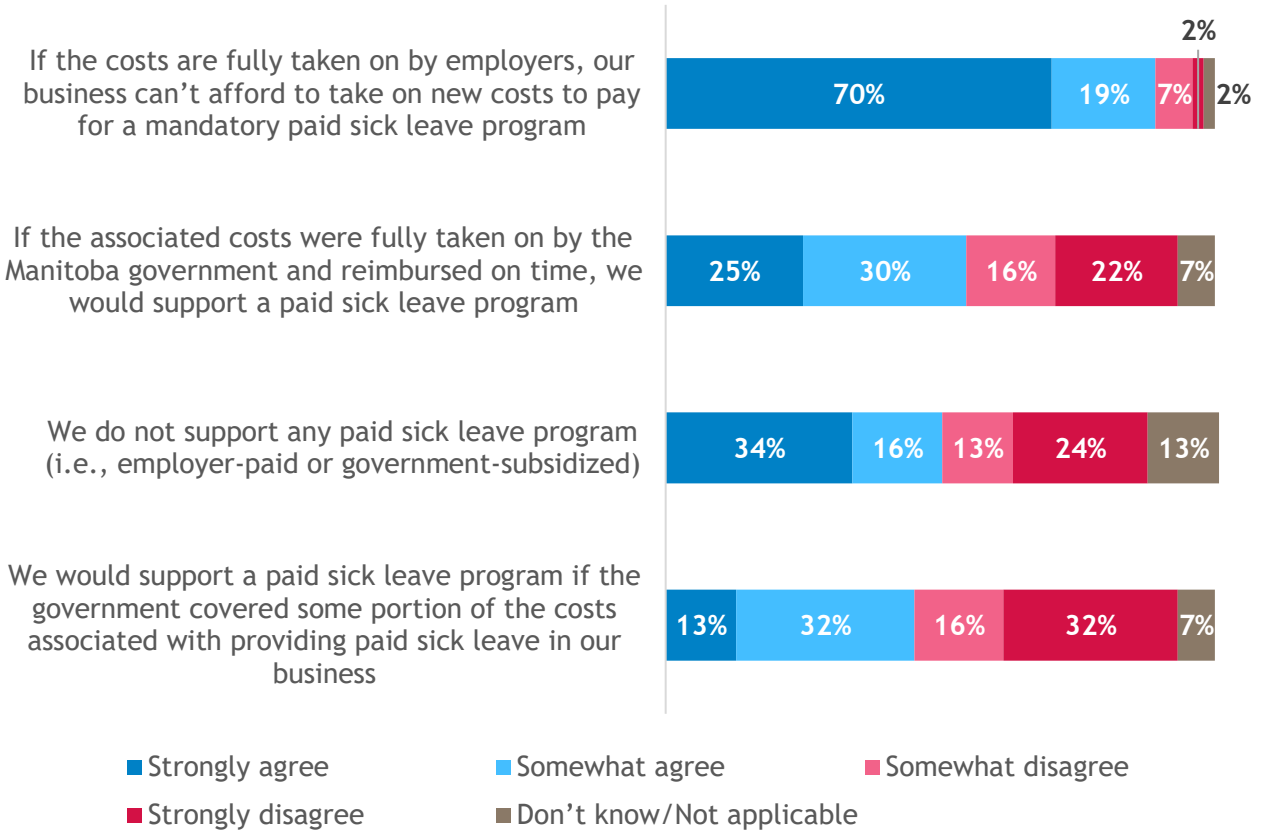
Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 158.

Additionally, in some jurisdictions across Canada there have been calls for governments to introduce legislation that would mandate businesses to offer paid sick days to their employees. For instance, employers in British Columbia must now provide both full- and part-time employees with five mandatory paid sick-days.

When governments mandate an employer-paid sick leave policy for the private sector, it comes at a high cost for business owners. Nearly 40 per cent of Manitoba's small business owners already provide some form of paid sick leave for their employees, however 89 per cent are afraid they cannot afford to implement a *government mandated* paid sick leave policy if the costs are to be fully taken on by employers.

[Figure 14]

Please indicate the extent to which you agree or disagree with the following statements about a potential mandatory paid sick leave program in Manitoba. (Select one for each line)



Source: CFIB, Manitoba Election Survey 2023, June 15-29, 2023. Final results, MB n= 148. \*Adjusted for "Not applicable".

## Recommendations

The next provincial government must make economic recovery the focal point of their plan for Manitoba. This means both keeping existing costs and regulatory burden low, and at the same time, not adding new costs and red tape that could impede small business recovery. The following recommendations will help the province foster an environment where local small businesses can thrive:

### Reducing costs for small businesses

- Do not introduce any new costs (tax increases, new fees, etc.) on small businesses;
- Increase the small business corporate income tax rate threshold to \$600,000;
- Keep the commitment to eliminate education property taxes and ensure commercial property owners aren't paying more than their fair share in the meantime;
- Commit to a “do no harm” approach: no increasing costs or introducing new ones (e.g., new stat holidays, or paid sick days);
- Avoid any further Manitoba Hydro rate hikes, and consider suspending the provincial fuel tax to help offset increased energy costs (fuel, heating, cooking, carbon tax, etc.);
- Once minimum wage reaches \$15.30, return to a stable predictable formula for future increases;
- Increase the Health and Post Secondary Education Tax Levy (HE Levy) exemption threshold to \$2.5 million;
- Work with municipalities to lower property taxes and help address other municipal issues (i.e. crime & safety, housing affordability, etc.); and
- Work with the federal government to ensure carbon tax rebates make it back to small businesses

### Red Tape

- Continue to annually update the province's red tape reduction progress by ministry;
- Promote the Government of Manitoba's [Reduce Red Tape website](#) so that Manitobans can submit their red tape irritants;
- Work to adopt a policy of “mutual recognition” to internal trade with other provinces - meaning goods sold in one province can be sold in other provinces without meeting further requirements;
- Advance direct-to-consumer interprovincial shipment of Canadian wine, craft beer and spirits;
- Explore options to increase competition/privatization in liquor/cannabis product distribution, and provide wholesale liquor pricing to restaurants and other licensed food service ventures; and
- Continue the efforts of the health care task force to reduce red tape for physicians.

### Labour

- Take action to address labour shortages; reduce the complexity, red tape, and cost associated with hiring newcomers;

- Adopt a training tax credit that recognizes the informal “on-the-job” training happening in small businesses;
- Work with the federal government to improve and streamline immigration processes to bring more workers into Manitoba faster and ensure a good fit between immigration and positions to fill;
- Offer financial support to small businesses adopting new technologies that address labour shortages (i.e. automation); and
- Workers Compensation Board:
  - Legislate surplus distribution policies and implement mandatory distribution once over-funding reaches a certain level, like in Ontario; and
  - Ensure surplus funds are distributed whenever the Board is over its own funding ratio of 130 per cent.

### Infrastructure

- Include a comprehensive construction mitigation package as part of all significant provincial construction projects that cause major disruptions for extended periods of time to the regular operations of local business owners. The package should include the following components:
  - A direct compensation program that is easy to access and involves fair and timely monetary compensation.
  - An improved contracting process that includes a bonus/penalty system for the early/late completion of the project.
  - A comprehensive planning process that uses the “sign once” principle and spells out the phasing/timing of a project.
  - A “no surprise” rule that includes significant consultation with the affected communities on expected timelines and disruptions to ensure no business is caught off guard during the construction period.
  - A designated business liaison officer with managerial authority for the project to ensure the local business community is regularly canvassed and updated on the project’s progress.

### Government Spending

- Introduce a solid plan to balance the provincial budget and pay down government debt; 80% of small business owners indicate the Manitoba government should prioritize balancing the budget and paying down debt.

## Member Comments

- *“HELP small businesses. Government Costs, energy, gas, payroll costs. Everything has gone up and small businesses are taking the brunt of it again with the government making decisions for us to keep paying.” - Retail business owner.*
- *“Cut taxes and regulations for business” - Hospitality business owner.*
- *“Manitoba needs to be an attractive place for people to move to. We can't change the weather, but we can support good, high-quality jobs, attractive communities, fast and convenient services, strong communities and a high quality of life.” - Professional Services business owner.*
- *“Healthcare, and education are important. Stop giving big businesses and wealthy individuals more tax advantages than small business and middle-income individuals.” - Unclass. & IVMs business owner.*
- *“Minimum wage went up too fast.” - Retail business owner.*
- *“Get back to and focus on the basics of government and provide the leadership and services that government should provide to get the economy running again. 1) Infrastructure (current state is shameful) 2) Strength our education system 3) Health Care - incentivize people to look after their own health and focus on prevention. 4) Use Hydro and our clean energy grid to attract businesses from all over the world and incentivize growth through low business taxes.” - Professional Services business owner.*
- *“The province needs to get out of debt.” - Construction business owner.*
- *“Kudos to current government for making changes to Basic Personal deduction for 2023 and to tax brackets in 2024. This is significant.” - Professional Services business owner.*
- *“The provincial government is our worst customers. They are terrible at paying their invoices and there is no clear contact point. Quite ironic given their promotion of economic development.” - Personal Services business owner.*
- *“We appreciate the government’s desire to help Manitoba become a prosperous, inviting, friendly, kind province. The more they can keep their own costs down so that private enterprise can thrive the better Manitobans and the economy will be. If there are excesses on either end then government could help mitigate but every time the government steps in things tend become worse, more costly and inefficient. There is a place for government but very limited.” - Hospitality business owner.*
- *“Find ways to reduce the size of the government and let the private sector create employment and drive the economy.” - Wholesale business owner.*
- *“Get our provincial spending and debt under control!” - Manufacturing business owner.*
- *“Before the election, all political parties should be required to sign balance budget legislation that cannot be withdrawn once elected.” - Wholesale business owner.*
- *“Deal with homelessness so it is possible to re-invigorate the downtown.” - Retail business owner.*
- *“Forcing minimum wage increase affects small businesses more than large corporations” - Personal services business owner.*



- *“Get some roads in rural Manitoba fixed. Cut out all unnecessary expenditure until the province’s budget is balanced and our rural highways and bridges have been fixed.” - Agriculture business owner.*
- *“So many large companies have been given loans and tax relief, and bail outs during covid. Why can’t small businesses have the CEBA forgiven.” - Construction business owner.*
- *“We as business owners employ people so they contribute, so stop taxing us to death. The more people we employ the worse it is for us. The better our business is economically, the worse it is for us. How does that make sense? The government makes it too hard for small business to survive by taxing everything.” - Transportation business owner.*
- *“The province should lobby for CEBA extension.” - Hospitality business owner.*
- *“Quit beating up on small business. Covid already did a good job of that. Government needs to quit increasing taxes for small business. They increase taxes, we need to increase salaries and prices to keep up. It’s a never-ending cycle that needs to be broken.” - Transportation business owner.*
- *“Eliminate payroll tax.” - Construction business owner.*
- *“Reduce tax and documentation on small businesses. The recent minimum wage increase has severely impacted the business in multiple areas. Small businesses cannot absorb any more costs or rate increases on anything for the next number of years. Look outside the city perimeter and into the business sectors of the small towns and see what the challenges are for small businesses.” - Hospitality business owner.*
- *“Provincial and Federal taxes are too high. They need to be reduced.” - Transportation business owner.*
- *“Good talent will continue to leave the province if the government continues to only focus on social programs. They need to increase the tax base to decrease the burden on individuals personally, which will entice them to stay here and help small businesses prosper.” - Construction business owner.*
- *“Improve our Health care situation and reopen rural hospitals.” - Retail business owner.*
- *“Help small companies by reducing taxes and promote funding for more training for specialized training in hiring people in specialized work.” - Personal Services business owner.*
- *“Reduce the red tape needed within the construction industry to help control the housing market from imploding.” - Construction business owner.*
- *“Listen to the health care workers. They are exhausted, they need help. Find us some more doctors and nurses.” - Retail business owner.*
- *“Hold yourself accountable for the promises you make and LISTEN to your constituents.” - Construction business owner.*
- *“As a business and individuals, we support employees and fellow workers when they are sick. The people we work with work hard. When they are unwell, we support them however we can. These are private decisions made between employer and employee. The government really should not be needed here. Tax dollars should not be dedicated to this.” - Hospitality business owner.*

- *“We need pressure put on the federal government to forgive more of the CEBA loan.” - Hospitality business owner.*
- *“Small businesses need help. Help with CEBA being pushed back, or relief (full or partial) would really help. This additional cost will be a real burden to carry during this downturn in the economy. Hopefully our Provincial Government can push or doing something to help.” - Transportation business owner.*
- *“We need less rules and regulations on how we operate our businesses. If we paid less taxes and had lower energy costs, we would be able to afford to pay our staff higher.” - Construction business owner.*
- *“There are too many costs already.” - Retail business owner.*
- *“I applied for the government subsidy when we replaced our lights - my business did not qualify so I had to pay for over \$2,000 myself. Aren't these programs intended for small business like mine? Fix the programs to include all small business.” - Professional Services business owner.*
- *“The reason I am opposed to a government subsidized sick leave program is my lack of confidence in their ability to execute the program efficiently. Further, the lack of (competent) labour is affecting the government as well. The quality and skill level of provincial civil servants is shockingly inadequate.” - Personal Services business owner.*
- *“School tax property tax rebates are not available to everyone as is suggested. We still have property we have not received any rebate on. Currently we might vote for the best of the worst as there is no option that we are aware of that will actually do anything for us or our businesses.” - Retail business owner.*
- *“Rural municipal roads have to improve our R.M.s have better equipment than 25 years ago, but roads are much worse. Why?” - Agriculture business owner.*
- *“Business owners are working more and more hours and it is simply not sustainable.” - Manufacturing business owner.*
- *“The payroll costs, rising wages and taxes upon taxes and even more taxes are killing us. Fuel tax is a joke. Taxes have eradicated the middle class.” - Retail business owner.*
- *“We support leaving paid sick leave up to employers to determine if it works for their business. Our business offers sick leave as a benefit and competitive advantage to attract and retain employees. Legislated sick leave removes that advantage while maintaining/driving up the cost.” - Personal services business owner.*
- *“Reduce energy costs! Manitobans can't afford it!” - Retail business owner.*