

December 12, 2023

Hon. Donna Harpauer
Minister of Finance
Room 312, 2405 Legislative Drive
Regina, SK, S4S 0B3

Subject: CFIB Submission - Saskatchewan small business priorities for the 2024-25 provincial budget

Dear Minister Harpauer,

On behalf of the Canadian Federation of Independent Business (CFIB) and our over 4,000 small business members in Saskatchewan, we are pleased to present you the enclosed submission outlining small business priorities for the upcoming 2024-25 budget.

As the Saskatchewan government determines its priorities for the 2024-25 budget, economic recovery and affordability measures for small businesses must be top of mind. Small businesses are still recovering from the impacts of the pandemic and facing many economic challenges including debt, rising interest rates, labour shortages and high inflation.

CFIB appreciates and acknowledges the actions the provincial government has already taken to provide cost relief for small businesses, such as temporarily reducing the small business tax rate. To build upon these efforts, CFIB recommends the Saskatchewan government consider incorporating the following recommendations while finalizing the 2024-25 budget:

1. Help small businesses address rising costs

- Freeze the small business tax rate at 1%, or commit to lowering it to 0%;
- Consider removing the PST from dine-in restaurant meals and property insurance (business and residential), and avoid any PST increases or expansions;
- Avoid any further SaskPower or SaskEnergy rate increases until more businesses have had the chance to recover;
- Continue to advocate to the federal government to change their policies associated with the carbon tax by:
 - Expanding the carbon tax exemption to all forms of heating fuels, including natural gas and other sources used by small business;
 - Halting future carbon tax increases, including the hike planned on April 1, 2024; and

- Ensuring businesses are eligible for rebates or refunds equivalent to the full share of the fuel charge costs they incur (CFIB estimates 40%).
- Conduct a full consultation with the business community and provide a full cost-benefit analysis before moving forward with the introduction of a ‘Saskatchewan Revenue Agency.’

2. Focus on Red Tape Reduction

- Continue to reduce costly red tape and continue to champion efforts to reduce barriers to inter-provincial trade. The large majority (80%) of Saskatchewan small business owners believe governments should prioritize removing as many barriers as possible to the flow of goods, services and workers between provinces and territories. For example:
 - A professional license or certification granted in one province/territory should be automatically recognized in all provinces/territories (such as long-term care workers, or other health care workers, etc.) (i.e. Ontario’s “As of Right” Legislation); and
 - Registering for workers’ compensation in one province/territory should permit workers to work in all provinces/territories.

3. Help small businesses deal with payroll costs/labour challenges

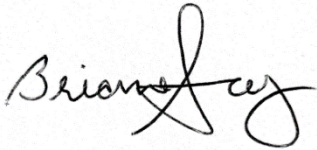
- Commit to stable, predictable changes to the minimum wage - no more than the rate of inflation;
- Avoid introducing paid sick days or new statutory holidays;
- Help deal with labour shortages by:
 - Reducing the complexity, red tape, and costs associated with hiring newcomers;
 - Better promoting existing hiring and training programs; and
 - Enhancing training opportunities for groups that are underrepresented in the workforce.
- Ensure the Workers Compensation Board (WCB) continues to provide refunds when surplus money is available by legislating the WCB’s surplus refund policy - requiring the Board to refund 100% of its annual surplus (example: Ontario).

4. Help address crime and community safety challenges

- Work together with all levels of government to help address underlying social problems (i.e. housing, mental health, and addictions) in order to improve community safety outcomes; and
- Implement a rebate for small businesses adversely affected by crime and safety issues (i.e. BC’s Securing Small Business Rebate).

Thank you for your attention to these important matters. We look forward to discussing our recommendations with you during our meeting in January. In the meantime, please do not hesitate to reach out to Brianna.Solberg@cfib.ca or by phone at 306-713-8071 if you have any questions.

Sincerely,



Brianna Solberg
Director of Legislative Affairs



Bradlee Whidden
Policy Analyst

cc: Hon. Dustin Duncan, Minister of Crown Investments Corporation
Hon. Jeremy Harrison, Minister of Trade & Export development; Immigration & Career Training
Hon. David Marit, Minister of Agriculture
Hon. Paul Merriman, Minister of Corrections, Policing and Public Safety
Hon. Don McMorris, Minister of Labour Relations and Workplace Safety
Hon. Christine Tell, Minister of Environment

Saskatchewan small business owners' priorities for the 2024-25 budget

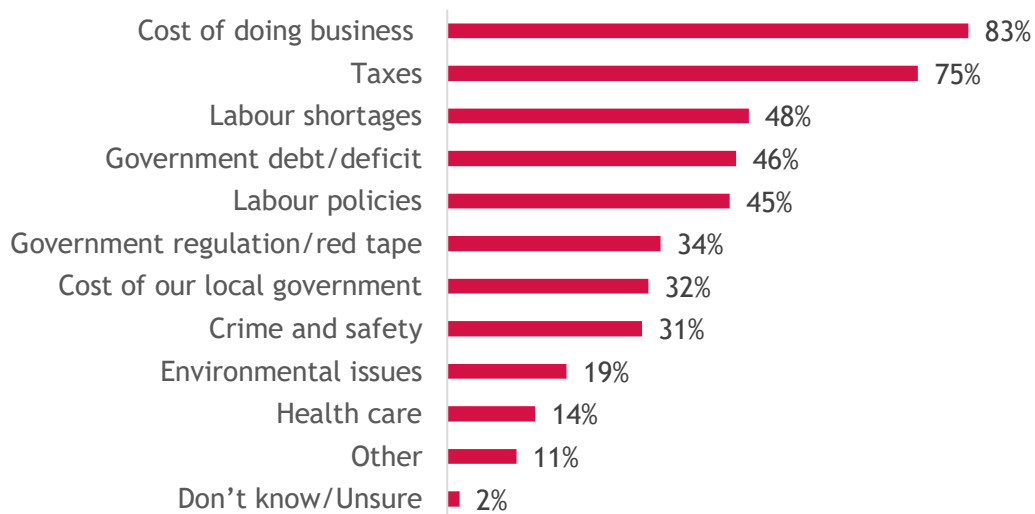
*Brianna Solberg, Provincial Affairs Director, Prairies and Northern Canada
Bradlee Whidden, Policy Analyst, Western Canada*

As the Saskatchewan government determines its priorities for the 2024-25 budget, economic recovery and affordability measures for small businesses must be top of mind. Small businesses are still recovering from the impacts of the pandemic and facing many economic challenges including debt, rising interest rates, labour shortages and high inflation.

According to recent CFIB survey results, 60% of Saskatchewan small businesses indicate they are confident in the provincial government's vision for supporting business and entrepreneurship.¹ We are calling on the province to use budget 2024-25 to continue to validate this confidence. This can be accomplished by ensuring small businesses are not burdened with additional costs or taxes given that the cost of doing business is a serious concern for 83% of Saskatchewan small businesses (Figure 1).

Figure 1

Which of the following are a serious concern for your business? (Select all that apply)



Source: CFIB, Your Voice Survey - September 2-16, 2023. Final results.

¹ CFIB, Your Voice Survey – November 6-25, 2023. Final results.

Current State of Small Businesses

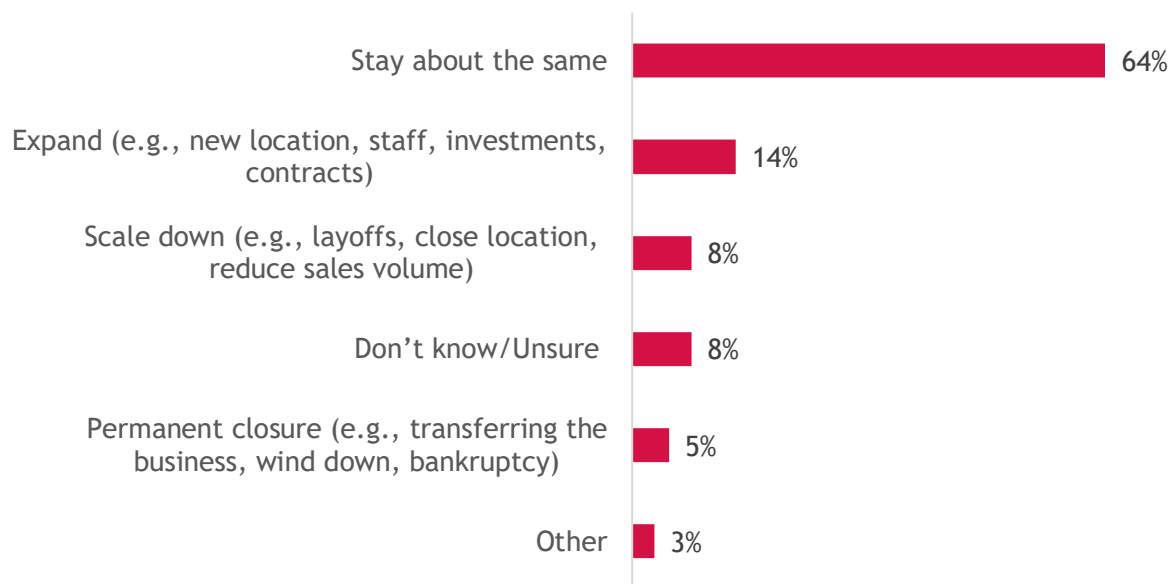
The increasingly high cost of doing business has been negatively impacting small business optimism in Saskatchewan. CFIB's latest [Monthly Business Barometer®](#) shows the short-term optimism index to be at 43.6 points as of November - a decline of 15 points since the spring. The long-term optimism index now sits at 50 points, the lowest of any month since the start of the pandemic other than the previous June.

The looming repayment deadline for the Canada Emergency Business Account (CEBA) loan is adding to the stress and uncertainty that business owners are feeling. Many small businesses are struggling to get together the funds to repay their CEBA loans amid lower-than-normal consumer spending and competition with large multinational corporations. Recent CFIB survey data shows almost half (45%) of Saskatchewan small businesses have still not repaid any of their CEBA loans.²

Due to rising costs and a lack of business confidence, the majority (64%) of Saskatchewan small businesses plan to maintain their current level of operations rather than looking to grow or expand (Figure 2). Additionally, an alarming 13% of small businesses are planning on scaling down or closing altogether. This could be significantly damaging to the provincial economy and underscores the need to recognize and address the priorities of Saskatchewan small businesses in the upcoming budget.

Figure 2

What are your business plans for the next 12 months? (Select one)



Source: CFIB, Your Voice Survey - November 2-16, 2023. Final results.

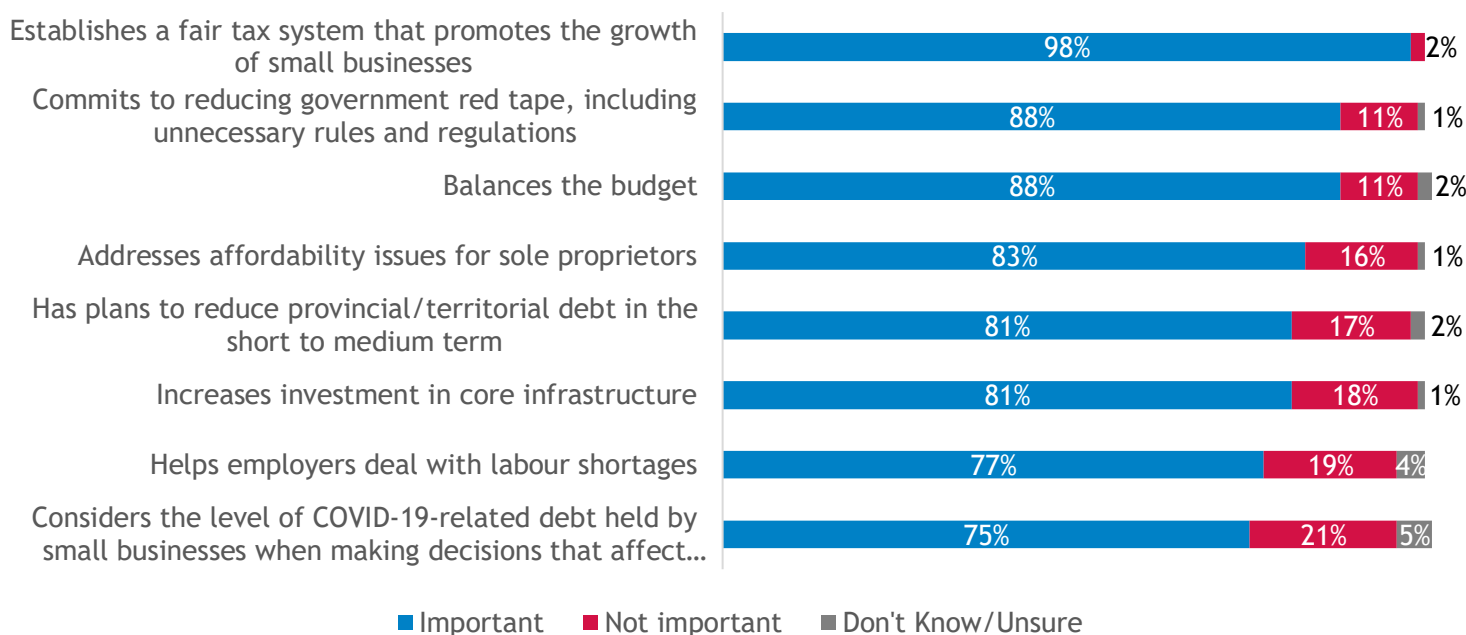
² CFIB, Your Voice Survey – December 8, 2023. Preliminary Results.

Saskatchewan Small Business Priorities for the 2024-25 Budget

Saskatchewan small businesses have indicated they would like to see the provincial government ensure taxes are fair for small businesses (98%); reduce red tape (88%); have a plan to balance the budget (88%); address affordability issues (83%); and reduce provincial debt (81%) (Figure 3).

Figure 3

Please indicate how important it is to your business that the SK government does each of the following. (Select one for each line)



Source: CFIB, Your Voice Survey - November 2-16, 2023. Final results.

1. Reduce small business costs by ensuring taxes are fair

Small business owners are looking for the Saskatchewan government to help address the rising cost of doing business by establishing a fair tax system that promotes economic growth. Saskatchewan small business owners have indicated that payroll taxes (76%), insurance costs (65%), and utility costs (61%) are the most harmful costs that their businesses are facing (Figure 4).

When it comes to payroll costs, many small business owners are concerned about the upcoming increases to both the Canada Pension Plan (CPP) and federal Employment Insurance (EI) rates. As of January 1, 2024, these changes will see payroll taxes increase for employers by \$366 per employee and total employer contributions for CPP and EI could add up to \$5,524 per employee next year.

We believe the Saskatchewan government can help show small business owners they recognize the burden of payroll cost pressures by:

- Committing to stable, predictable changes in the minimum wage - at no more than the rate of inflation;
- Avoiding the introduction of paid sick days or new statutory holidays; and
- Ensuring the Saskatchewan Workers Compensation Board (WCB) continues to provide refunds to employers when surplus money is available (i.e. legislate the WCB's surplus refund policy and require the Board to refund 100% of its annual surplus (example: Ontario)).

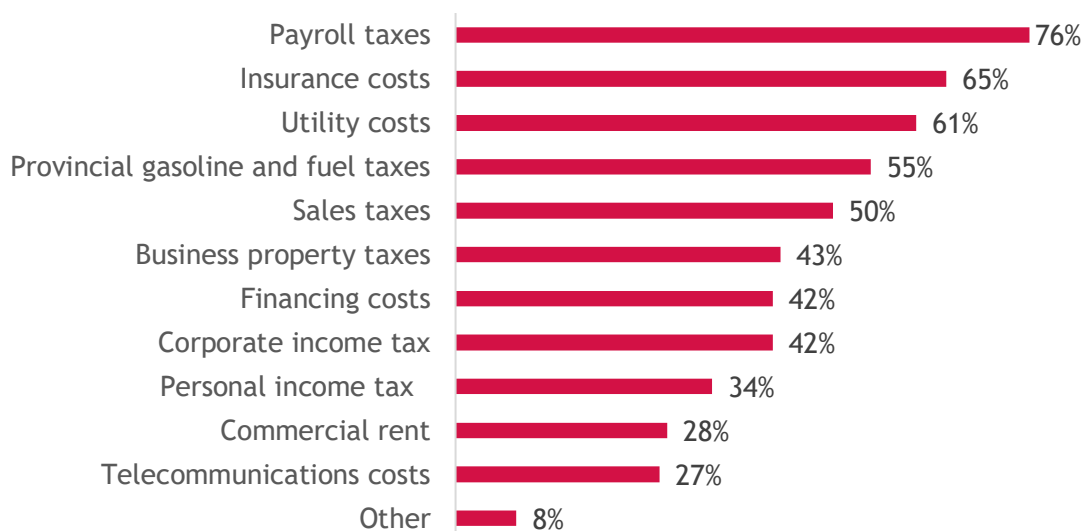
We are also calling on the province to work to reduce the impact of high insurance costs for small businesses. To achieve this, we recommend the Saskatchewan government consider removing the provincial sales tax (PST) from property insurance (both business and residential).

Given that half (50%) of Saskatchewan small businesses indicate sales taxes are creating challenges for their business, we encourage the government to avoid any PST increases or expansions, and to consider exempting dine-in restaurant meals from the PST. Reinstating the PST exemption on dine-in restaurant meals would make it more affordable for Saskatchewanians to support their local foodservice businesses and would help many businesses in the hospitality sector that are still struggling to pay down pandemic-related debts.

Additionally, we will continue to call on the province to avoid raising the small businesses tax rate in 2024. To that end, we recommend holding the small business tax rate at 1% or reducing it back to 0% until more Saskatchewan small businesses have had time to recover.

Figure 4

Which of the following taxes and costs are the most harmful to the operation of your business? (Select all that apply)



Source: CFIB, Your Voice Survey - November 6-12, 2023. Final results.

To address increased utility costs, CFIB urges the provincial government avoid any further SaskPower and SaskEnergy rate increases.

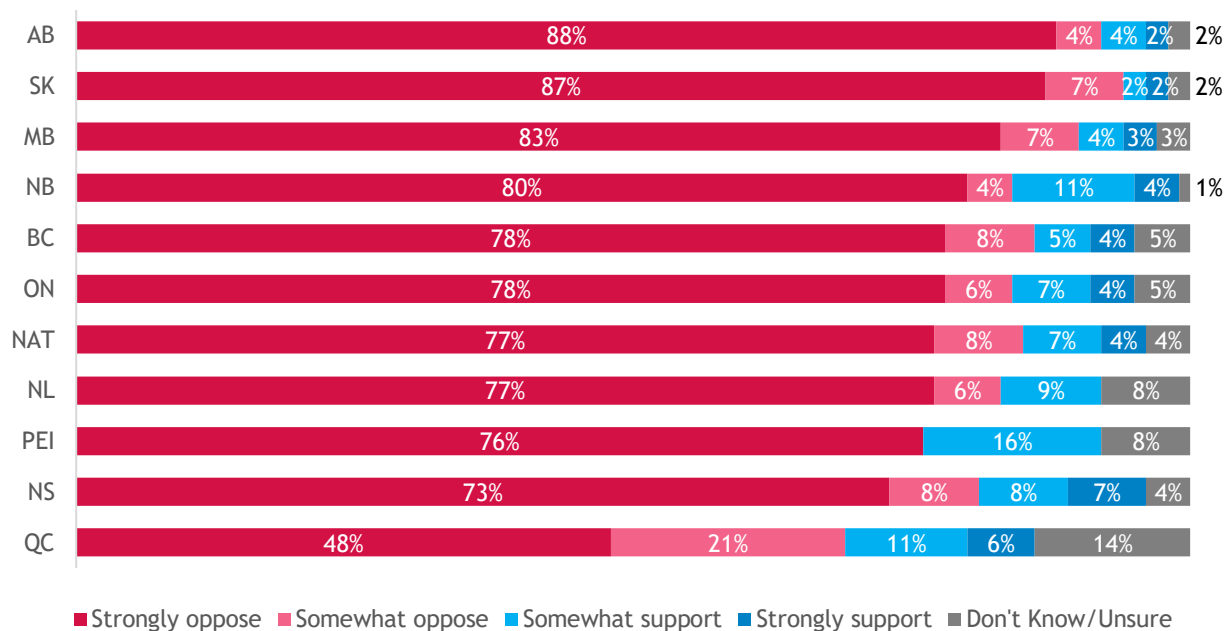
We recognize that the federal government’s carbon pricing system also plays a role in the increased energy/utility costs that business owners are seeing. CFIB [estimates](#) that Canadian small businesses pay around 40% of the funds collected by the carbon tax, yet, the federal government plans to return only 10% of what’s been collected to businesses in the form of rebates. This unfairness coincides with a recent increase in opposition to the carbon tax among small businesses, with the majority in all provinces now opposing it (Figure 5).

We acknowledge the actions the Saskatchewan government has already taken in response to Ottawa’s decision to pause the tax on home heating oil, such as introducing legislation that would enable SaskEnergy to stop remitting the carbon tax on natural gas as of January 1, 2024. We hope this helps communicate to the federal government how damaging the carbon tax is to businesses and families. In addition, we are calling on the provincial government to continue to support our recommendations for the federal government to:

- Halt future carbon tax increases, including the hike planned on April 1, 2024;
- Ensure businesses are eligible for rebates or refunds equivalent to the full share of the fuel charge costs they incur (CFIB estimates 40%); and
- Expand the carbon tax exemption to all forms of heating fuels, including natural gas and other sources used by small business.

Figure 5

Please indicate the extent to which you support or oppose the current carbon tax system



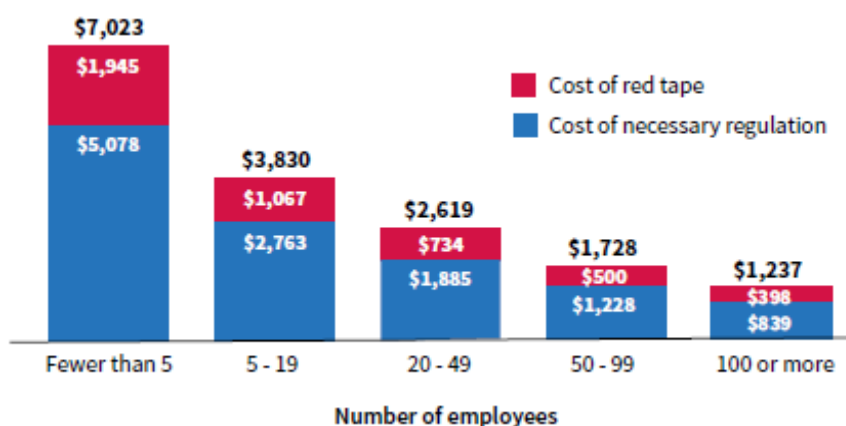
Source: CFIB, Carbon pricing Flash Survey, September 14 - 27, Final Results.

2. Reduce red tape

Along with taxation, red tape continues to be a concern for small businesses. CFIB recognizes the province’s attention to this issue and encourages the Saskatchewan government to continue to take action. 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 6). For small businesses, red tape not only includes all the paperwork and rules they must follow but also the level of customer service provided by the government. Not being able to get answers quickly from government websites or call centres, or not being able to understand the language included in forms or guidance documents can be equally frustrating and costly for small business owners.

Figure 6

Annual regulation cost per employee, by size of business (in 2020 dollars)



Sources: Calculations based on CFIB’s Survey on Regulation and Paper burden (conducted in 2020, n=4,603) and data from Statistics Canada.

The Saskatchewan government received the third highest grade on CFIB’s [2023 internal trade report card](#), but still ranked below its neighbouring provinces, Alberta and Manitoba. We call on the provincial government to continue working with other provinces to reduce interprovincial trade barriers. This includes automatically recognizing certain licences granted in other provinces such as those needed for healthcare workers (i.e. Ontario’s “As of Right” Legislation).³ Additionally, we are calling on all provinces to work together to allow workers registered for workers compensation in one province to be able to work in all provinces - to reduce administrative burdens.

3. Help with labour challenges

Not only have labour costs increased (i.e. payroll taxes and wage costs), but both skilled and un-skilled labour continues to be difficult to acquire for many Saskatchewan small businesses. CFIB’s latest shortage of labour [report](#) found that Saskatchewan was among the most affected provinces with 62% of small businesses indicating their business has been impacted by labour shortages.

³ Government of Ontario. New “As of Right” Rules a First in Canada to Attract More Health Care Workers to Ontario. Retrieved December 10, 2023. [New “As of Right” Rules a First in Canada to Attract More Health Care Workers to Ontario | Ontario Newsroom](#)

The lack of available workers can seriously cost small businesses who have already raised wages as much as possible to attract more workers. CFIB [estimates](#) that the shortage of labour in Saskatchewan cost small businesses about \$1.1 billion in 2022. We recognize that there are no simple solutions to this problem, however we encourage the provincial government to continue to work to reduce red tape associated with hiring new Canadians. Additionally, we encourage the Saskatchewan government to:

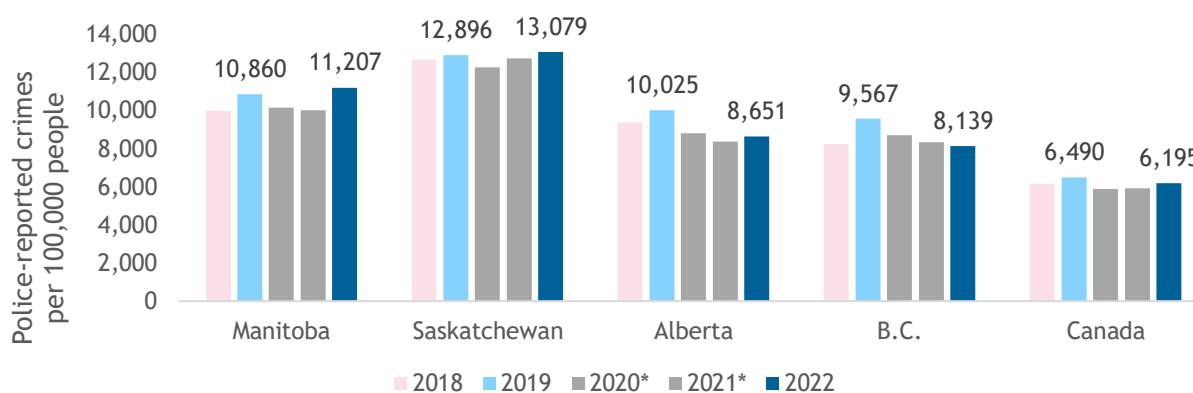
- Continue to advocate for increased SINP allocation spots;
- Better promote the hiring and training programs that already exist; and
- Enhance training programs for underrepresented groups in the workforce.

4. Help address crime and community safety challenges

We consistently hear from Saskatchewan small businesses about the impacts that crime and community safety issues are having on their business. According to CFIB survey results, 59% of Saskatchewan small businesses are concerned about crime and safety issues and 38% have been directly impacted. Those impacted have experienced theft and shoplifting (59%), and vandalism and breaking and entering (41%).⁴ These actions inflict significant costs on businesses, not to mention, they can discourage customers from entering businesses at all. CFIB [research](#) into this issue has shown that crime and safety is a more prominent issue in Western Canada, and of the western provinces, Saskatchewan has the highest crime rates (Figure 7). Given this, we are calling on all levels of government to work together to help address underlying social problems (i.e. housing, mental health, and addictions) in order to improve community safety outcomes. In the meantime, we are urging the Saskatchewan government to implement a rebate program (i.e. British Columbia’s⁵ *Securing Small Business Rebate Program*) to help small businesses deal with the costs associated with crime.

Figure 7

Crime rates are increasing in the western provinces with the exception of British Columbia



Source: Statistics Canada. Table 35-10-0177-01 Incident-based crime statistics, by detailed violations, Canada, provinces, territories, Census Metropolitan Areas and Canadian Forces Military Police. *Figure excludes traffic violations.

⁴ CFIB, *Your Voice Survey – May 4-25, 2023. Final Results.*

⁵ Government of British Columbia. *Small businesses can apply next month for help with vandalism costs.* Retrieved December 8, 2023. [Small businesses can apply next month for help with vandalism costs | BC Gov News](#)

Recommendations

Saskatchewan small businesses face ongoing economic challenges in the form of high inflation, labour shortages and rising interest rates, along with struggling to pay back pandemic related debt. The direction and decisions made in the 2024-25 provincial budget will be vital to a successful economic recovery and survival of Saskatchewan small businesses. To help support small business recovery, CFIB recommends the Saskatchewan government consider incorporating the following recommendations while finalizing the 2024-25 budget:

1. Help small businesses address rising costs

- Freeze the small business tax rate at 1%, or commit to lowering it to 0%;
- Consider removing the PST from dine-in restaurant meals and property insurance (both business and residential), and avoid any PST increases or expansions;
- Avoid any further SaskPower or SaskEnergy rate increases until more businesses have had the chance to recover;
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- Conduct a full consultation with the business community and provide a full cost-benefit analysis before moving forward with the introduction of a ‘Saskatchewan Revenue Agency.’

2. Focus on red tape reduction

- Continue to reduce costly red tape and continue to champion efforts to reduce barriers to inter-provincial trade. The large majority (80%) of Saskatchewan small business owners believe governments should prioritize removing as many barriers as possible to the flow of goods, services and workers between provinces and territories. For example:
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- Implement a rebate for small businesses adversely affected by crime and safety issues (i.e. BC's Securing Small Business Rebate).