

Manitoba small business owners' priorities for the 2025-26 provincial budget

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As the Manitoba government determines its priorities for the 2025-26 budget, strong economic policy and affordability measures for small businesses must be at the forefront. Small businesses are facing many challenges including high taxes and regulatory costs, high interest rates, wage pressures, labour shortages, crime and community safety issues, and the threat of U.S. tariffs.

We appreciate the Manitoba government's recent efforts to provide affordability relief to small businesses, including freezing Manitoba Hydro rates, suspending and reducing the provincial fuel tax, and offering \$300 rebates for security purchases. These initiatives have provided meaningful support for businesses facing rising costs. Small businesses consistently identify 'reducing the overall tax burden' as their top priority for governments [Figure 1]. We hope the upcoming provincial budget will include further business-friendly policies to help address the high cost of doing business in Manitoba and foster economic growth.

State of Small Business

According to CFIB's Monthly Business Barometer, business optimism in Manitoba fluctuated throughout the year due to multiple supply chain disruptions, difficulty finding and securing skilled labour, and inconsistent consumer demand.

In January 2025, nearly half (44%) of Manitoba small business owners said the shortage of skilled labour was the top limitation on their sales or production growth, followed by insufficient demand (41%). The top three major cost burdens identified were: Insurance costs (67%), wage costs (62%), and tax/regulatory costs (61%).

Nearly half (43%) of small business owners reported that their business performance fell short of expectations in 2024.¹ However, despite persistent obstacles, nearly two-thirds (65%) of Manitoba small businesses are optimistic that 2025 will be a successful year for their business.²

¹ CFIB, Your Voice Survey - December 5-29, 2024. Final Results. N= 109

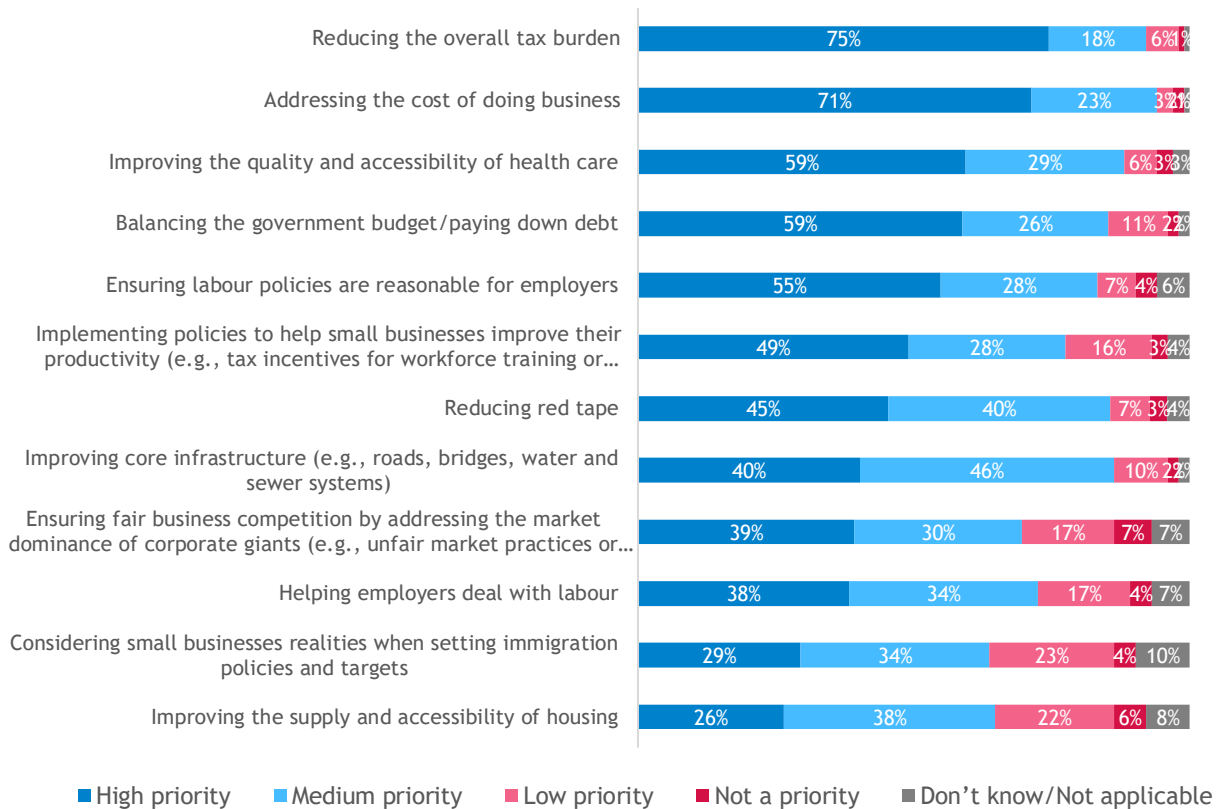
² CFIB, Your Voice Survey - January 5-29, 2024. Final Results. N=149

Manitoba Small Business Priorities for the 2025-26 Budget

Manitoba small business owners have indicated the top priorities for the provincial government should be to reduce the tax burden (75%); Address the cost of doing business (71%); and balance the budget/ pay down provincial debt (59%) [Figure 1].

[Figure 1]

Heading into 2025, please indicate the level of priority you would like governments to place on the following issues. (Select one for each line)



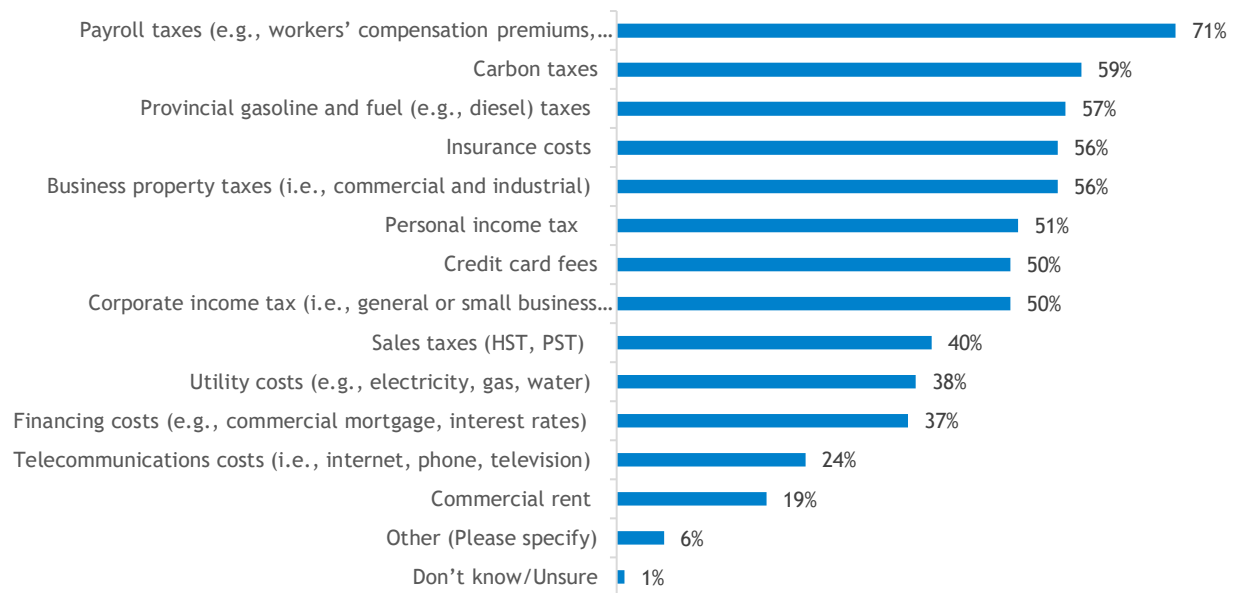
Source: CFIB, Your Voice Survey - January 9 - 31, 2024, Manitoba Final Results, N=124.

1. Reducing the tax burden

Payroll taxes were cited as the most harmful cost to small businesses in Manitoba, with (71%) of business owners identifying them as a significant burden. Other taxes, such as carbon taxes (59%) and provincial fuel taxes (57%) further add to the financial pressures small businesses are facing [Figure 2]. If the Manitoba government were to reduce the overall tax burden, the payroll tax in particular, businesses have indicated that they would use tax savings to pay down business debt (63%), expand their operations (59%), and/or increase employee compensation (50%) [Figure 3].

[Figure 2]

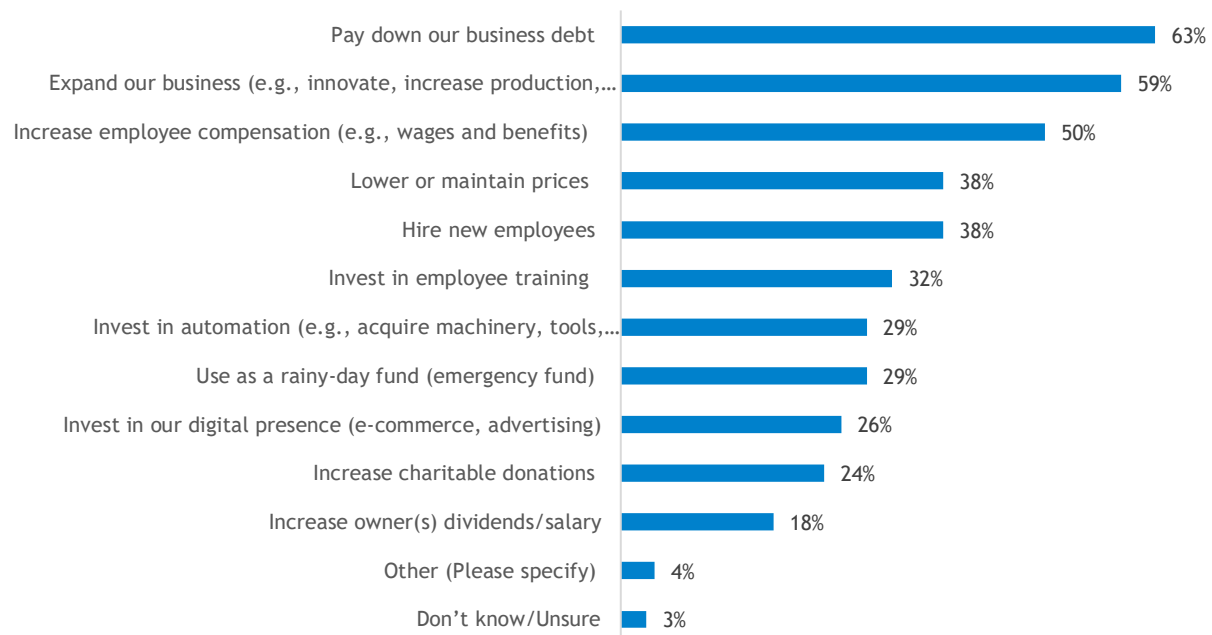
Which of the following taxes and costs are the most harmful to the operation of your business? (Select all that apply)



Source: CFIB, Your Voice Survey - June 4 - 18, 2024, MB Final Results, N=91.

[Figure 3]

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



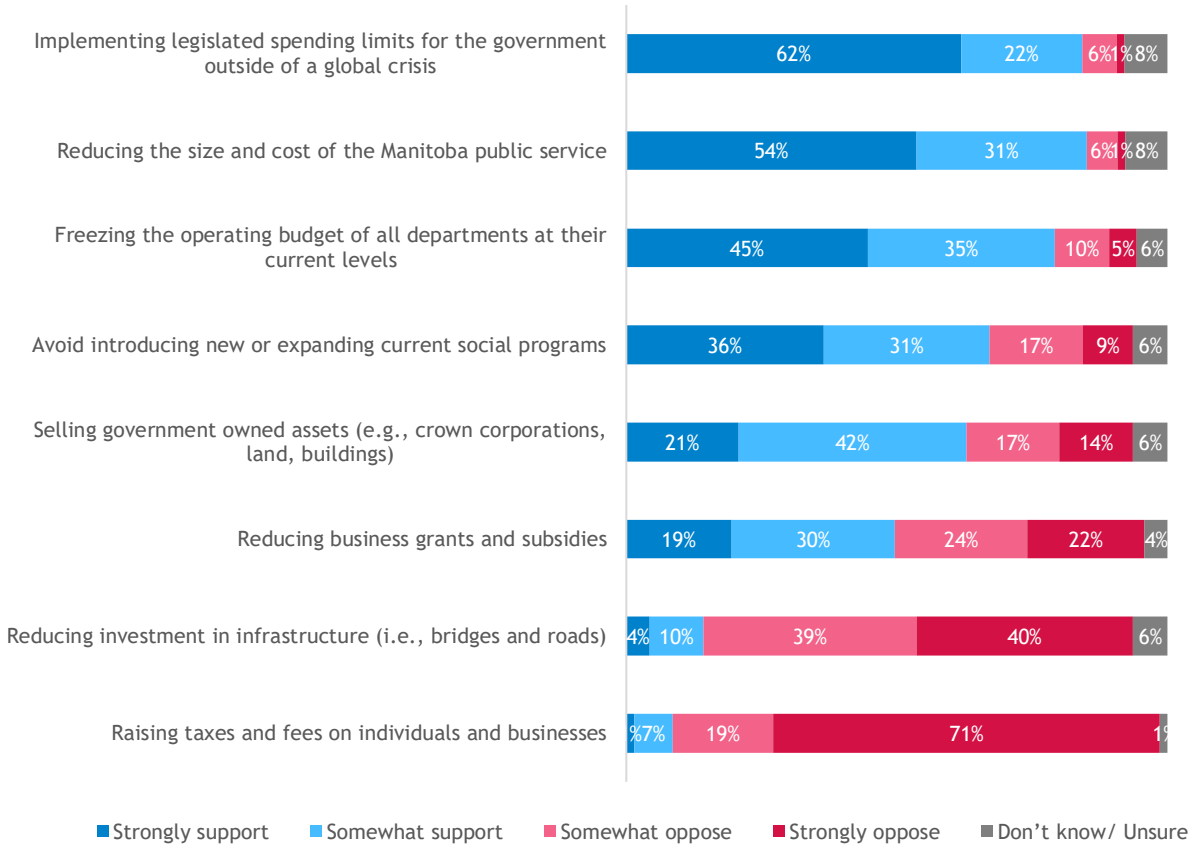
Source: CFIB, Your Voice Survey - June 4 - 18, 2024, MB Final Results, N=91.

2. Balancing the budget and paying down provincial debt

Prudent management of government spending is essential for creating a stable economic environment that allows small businesses to succeed. Many small business owners in Manitoba believe that the high cost of government operations is contributing to their financial burdens through higher taxes and fees. The majority (86%) of Manitoba small businesses support implementing legislated spending limits for the government outside of a global crisis. Additionally, 85 per cent believe reducing the size and cost of the Manitoba public service would be the most efficient way to help balance the provincial budget and lower debt [Figure 4].

[Figure 4]

To what extent do you support or oppose each of the following potential measures for the Manitoba government to achieve a balanced budget and reduce its debt? (Select one for each line)



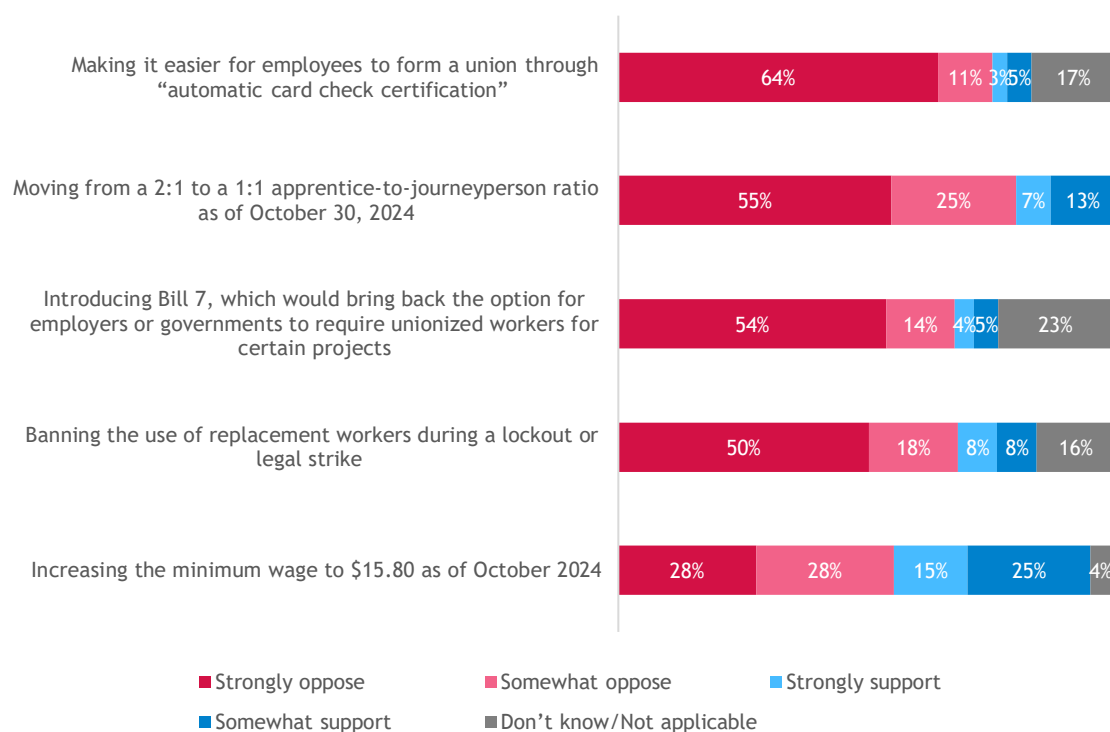
Source: CFIB, Your Voice Survey - Oct 7 - Nov 10, 2024, MB Final Results, N=140.

3. Ensuring labour policies are reasonable for employers

Our small business members strongly urge the Manitoba government to avoid introducing additional labour legislation that could harm employers. CFIB survey data highlights significant opposition to recent legislative changes. Three quarters (75%) of business owners are opposed to card check legislation; 80 per cent are against moving from a 2:1 to a 1:1 apprentice-to-journeyperson ratio; and over half (56%) are opposed to increasing the minimum wage [Figure 5]. These numbers underscore the challenges employers face, with wage costs consistently cited as a major financial constraint. We encourage the Manitoba government to prioritize consultation with the business community before implementing any future labour policy changes, especially when policies impose costs on small businesses.

[Figure 5]

Please indicate your level of support for each of the following measures recently announced or implemented by the Manitoba Government. (Select one for each line)



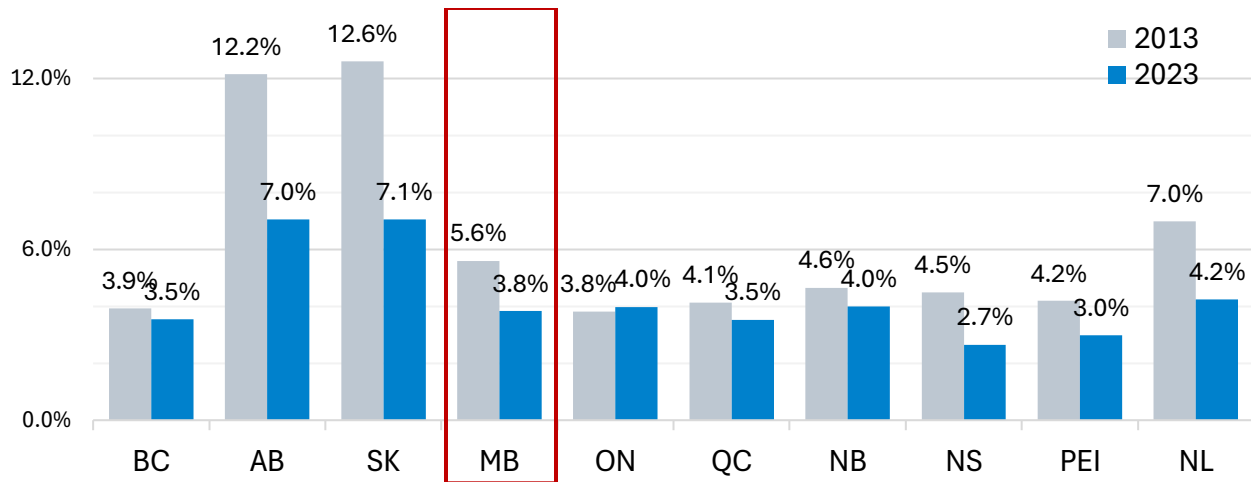
Promoting Capital Investment

Over the past decade, Manitoba has experienced a decline in small business investment in machinery and equipment (M&E) [Figure 6]. This decline is particularly concerning as M&E investments are vital for fostering innovation, improving productivity, and driving economic growth across the province. Meanwhile, Manitoba has the 2nd highest marginal tax rate on investment in Canada.³

³ Mintz, Jack. *A Proposal for a "Big Bang" Corporate Tax Reform*. February 2022. https://www.policyschool.ca/wp-content/uploads/2022/02/FMK3_Big-Bang-Corporate-Tax_Mintz.pdf

[Figure 6]

BUSINESS INVESTMENT IN MACHINERY AND EQUIPMENT AS A SHARE OF GDP, 2013 vs 2023

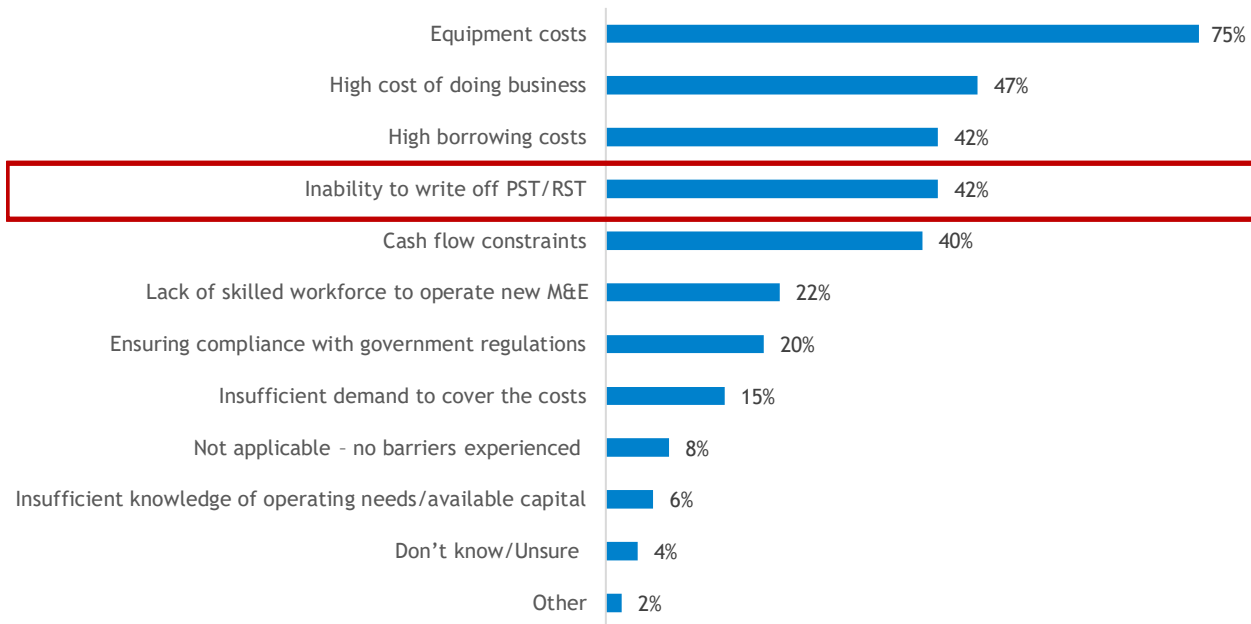


Source: CFIB analysis of Statistics Canada data

According to Manitoba small businesses, the most significant barrier to investment is the high cost of equipment.⁴ The issue of high equipment costs is further exacerbated by the fact that Manitoba’s retail sales tax (RST) is charged on top of capital expenditures. Nearly half (42%) of Manitoba businesses claim that the inability to write off RST on new machinery or equipment is a deterrent for future investment [Figure 7].

[Figure 7]

What challenges does your business encounter when deciding to invest in new machinery and equipment? (Select all that apply)



⁴ Source: CFIB, Your Voice Survey - August 2024, final results, MB, n = 80.

Exempting all capital expenditures (i.e. machinery and equipment) from the RST in Manitoba could have a transformative effect. By alleviating some of the financial pressures businesses face when looking to expand, we can increase Manitoba's overall productivity and grow the economy. A recent [CFIB report](#) shows how removing the RST on capital expenditures in Manitoba has the potential to boost small business investment by as much as \$332 million (18%) [Figure 8].

[Figure 8]

Province	Number of SMEs	Current Projected M&E Investment by SMEs, Next 12 Months (\$M)	M&E Investment Increase Following PST/RST Exemption		
			y/y change	\$M	\$ per private sector worker
British Columbia	215,894	\$9,489	17.2%	\$1,635	\$920
Saskatchewan	42,932	\$1,465	13.4%	\$197	\$562
Manitoba	43,722	\$1,847	18.0%	\$332	\$751
Total	302,548	\$12,800	16.8%	\$2,164	\$842

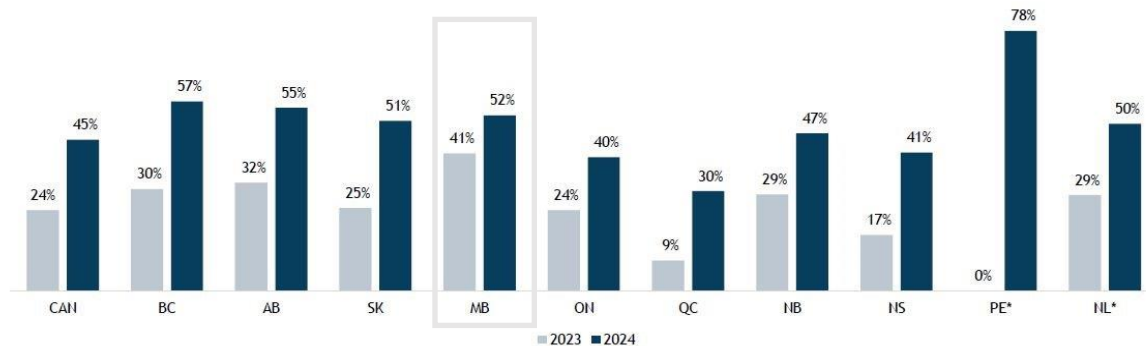
Source: CFIB analysis of [Statistics Canada data](#) on small business counts, CFIB survey responses (third column: BC n = 467, SK n = 111, MB n = 171; fourth column: BC n = 350, SK n = 89, MB n = 133), own calculations.

Addressing Crime & Safety Concerns

Crime and community safety challenges have become increasingly concerning for Manitoba's small businesses, with crime rates rising sharply in 2024. According to CFIB data, the number of Manitoba businesses impacted by crime has increased significantly over the past year, going from (41%) in 2023, to (52%) in 2024 [Figure 9].

[Figure 9]

FIGURE 5
The share of small businesses directly impacted by crime has significantly increased across all provinces



Sources: 1) CFIB, Special Survey on Crime and Community Safety, July 25-September 6, 2024, n = 1,666.

2) CFIB, Your Voice May 2023 survey, May 4-25, 2023, n = 2,672.

Question: Has your business recently been impacted by community safety issues? (Select one) *Low response rate (N<40).

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In the short term, small businesses are calling for financial support to help them offset the costs they are dealing with related to crime prevention and repairs. Over the long term, small business owners believe it is crucial for governments to address broader social challenges, such as affordable housing, mental health, and addictions, to create safer communities where businesses can thrive.

Adopt Mutual Recognition & Eliminate Internal Trade Barriers

In light of escalating U.S. tariff threats, eliminating barriers to internal trade is more critical than ever. For years, mutual recognition has been a topic of conversation, yet consumers and businesses have seen little progress on the ground.

CFIB research shows that 88% of small business owners want federal, provincial, and territorial governments to prioritize removing as many barriers as possible to the flow of goods, services, and workers between all jurisdictions. Additionally, over half of small business owners report lost productivity due to navigating multiple regulatory frameworks, which also often deters them from expanding into new domestic markets.⁵

CFIB strongly urges the Manitoba government to **work with other provinces/territories to adopt mutual recognition agreements encompassing all federal, provincial and territorial regulatory measures that impose requirements on the sale or use of all goods and services** – such that any good or service that may be sold or used in other provinces and territories, may be sold or used in Manitoba without having to meet any additional requirements.

Summary of Recommendations

Reduce Costs for Small Businesses:

- Keep small business tax rate at 0%
- Once minimum wage reaches \$15.80, return to a stable, predictable formula for future increases
- Do not introduce employer-paid sick days

Reduce Insurance Costs

- Eliminate the Retail Sales Tax (RST) on *all* insurance products for small businesses (i.e. liability insurance, legal expense insurance, etc).

Promote Capital Investment:

- Exempt all capital expenditures, including machinery and equipment, from RST to encourage growth and modernization.

Control Government Spending:

- Introduce a solid plan to balance the provincial budget and pay down government debt.

Address Crime and Safety Issues:

- Increase the \$300 Security Rebate amount for small businesses and expand the program to include the cost of repairs associated with crime.

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- Address underlying social issues, including affordable housing, mental health, and addictions.

Quickly Adopt Mutual Recognition & Remove Internal Trade Barriers:

- Prioritize removing as many barriers as possible to the flow of goods, services, and workers between Manitoba and all other jurisdictions.
- Work with other provinces to quickly adopt mutual recognition agreements encompassing all federal, provincial and territorial regulatory measures that impose requirements on the sale or use of goods and services.