

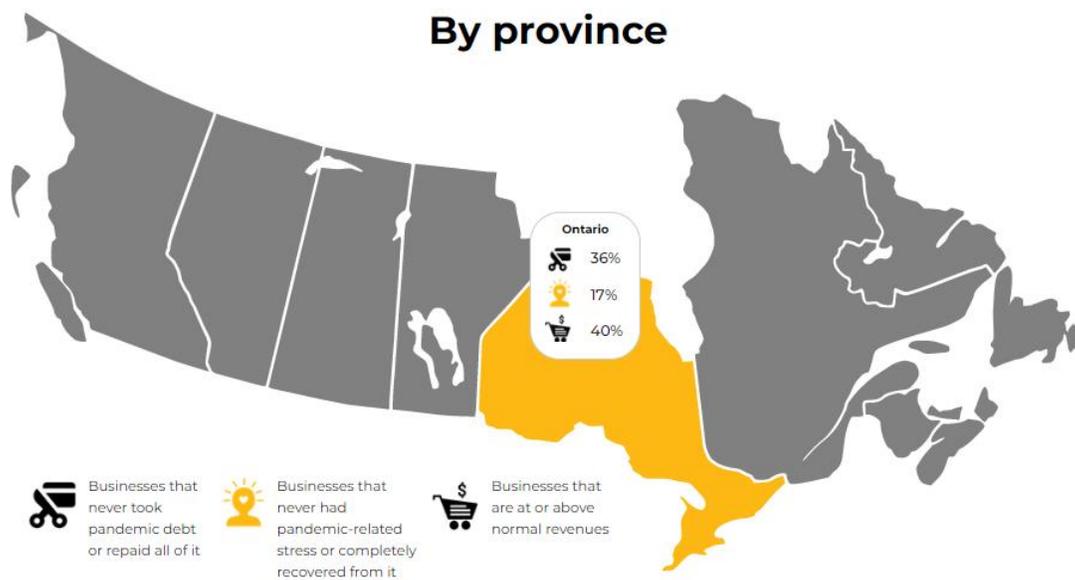
# Do No Harm: Small Business Election Priorities

## Ontario Election 2022: The State of Small Business

The past two years have been a time of immense turbulence for Ontario’s small businesses. Four lockdowns, staggered re-openings, false starts, and major capacity and operating restrictions have left a significant mark on Main Streets across the province.

In our hardest hit regions, the Ontario government banned indoor dining in restaurants for 436 days. Gyms and indoor fitness and recreation businesses (dance and yoga studios, bowling alleys, etc.) were shuttered for 416 days. Hair salons and barbers were closed for 311 days, and retailers lost 224 days, including the 2020 holiday season while their big box competitors were allowed to sell the same items to in-store customers. Indoor events were not allowed full capacity for a staggering 628 days.

Even as we head into our first “normal” summer in two years, COVID’s shadow looms large. Only 40% of Ontario small businesses are back to normal revenue levels, while 64% continue to carry COVID-related debt. More than four in five have yet to fully recover from pandemic-related stress.



Source: CFIB, Small Business Recovery Dashboard, April 19, 2022

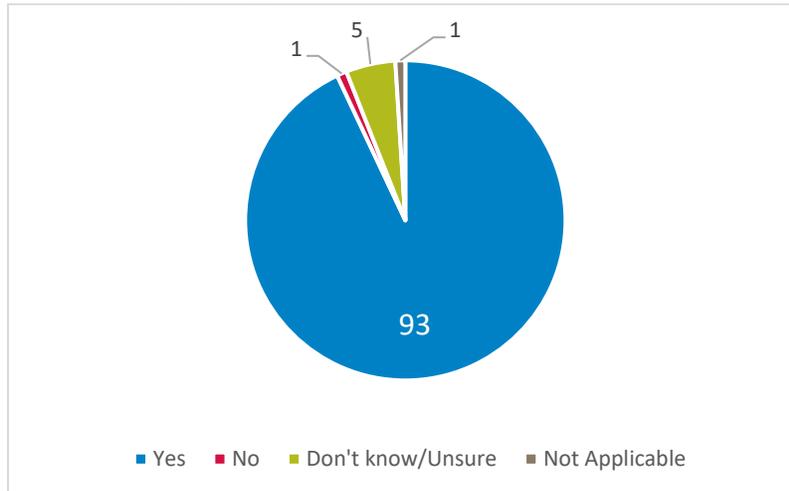
While there is well-founded optimism that the worst is behind us, the next Ontario government would be remiss to forget or ignore the past two years.

As we enter the recovery phase, new challenges have arisen. Almost nine in 10 Ontario small business owners are facing supply chain challenges; 71% are impacted by labour shortages; and 98% are feeling mounting pressure over rising prices.

Shortages of skilled and unskilled labour are the top limitations on sales or production growth, and fuel and energy costs are far and away the top cost constraint the province's small business owners are facing today.

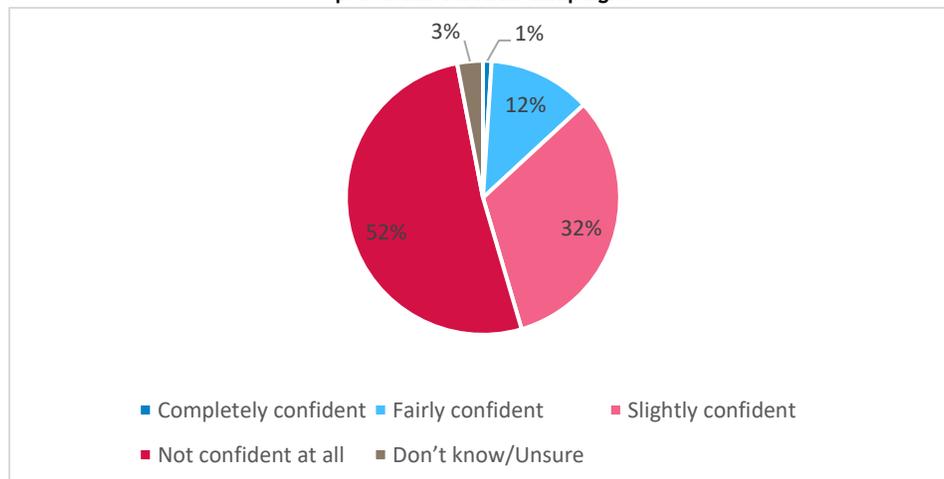
Only half (52%) of Ontario small businesses feel they are near or at full recovery, and 99% are concerned about the state of Ontario's economy. While 93% of small business owners intend to vote (Figure 1), a dismal 13% are confident their concerns and priorities will receive attention during the election campaign (Figure 2).

Figure 1: Will you vote in the upcoming provincial election expected to be held on Thursday, June 2, 2022?



Source: CFIB Ontario Pre-Election Survey, April 26, 2022

Figure 2: How confident are you that small business concerns and priorities will receive attention during the upcoming provincial election campaign?

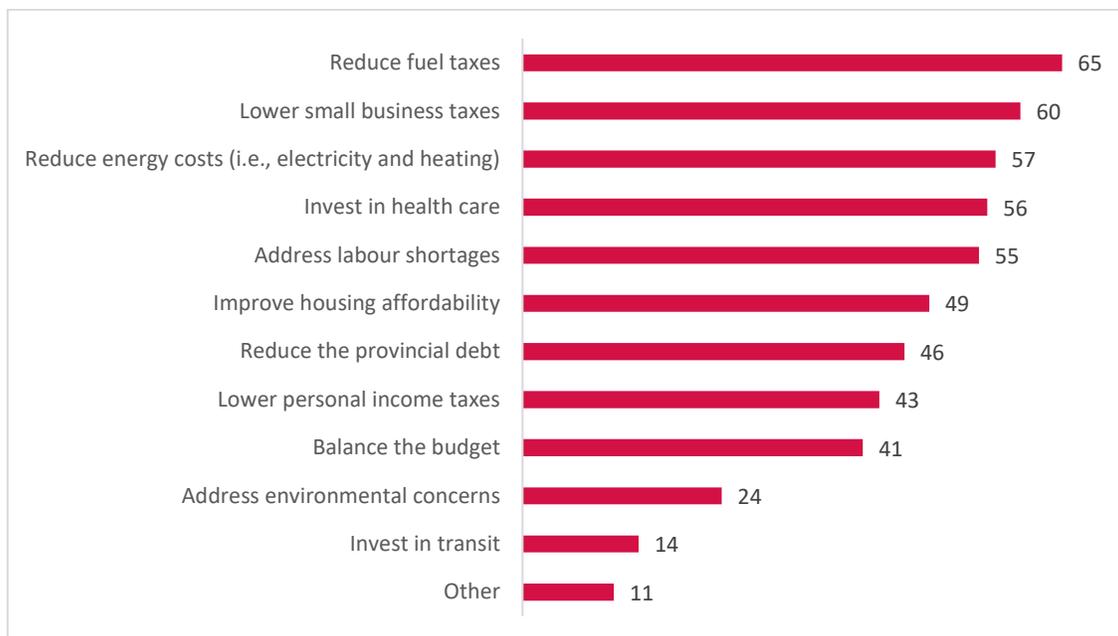


Source: CFIB Ontario Pre-Election Survey, April 26, 2022

## Small Business Priorities

Since the next government will be the steward of our economic recovery, it is crucial that their economic priorities line up with small business priorities. These priorities now focus on affordability (Figure 3).

Figure 3: Which of the following actions should the next government treat as a priority? (Select all that apply)



Source: CFIB Ontario Pre-Election Survey, April 26, 2022

Inflation isn't the only cost pressure on small business owners. Canada Pension Plan (CPP) premiums increased for the third straight year on January 1, 2022 and will increase again in 2023. The carbon tax rose another \$10 per ton on April 1. A tight labour market has put upward pressure on wages, with wage increase plans hitting record highs since CFIB started tracking them - on top of the provincial government increasing the minimum wage and eliminating the liquor servers' wage for the hospitality industry.

Additionally, 70% of small business owners say that commercial insurance premiums increased for their business in 2021. An Ottawa restaurant saw premiums jump from \$30,000 to \$55,000 last year, despite being closed or facing capacity limits for most of the year. A Guelph restaurant saw monthly premiums quintuple; a marina owner in central Ontario saw premiums septuple.

Small business debt levels have also ballooned over the course of the pandemic. On average, Ontario small businesses have taken on over \$160,000 in COVID-related debt alone. Many small firms - particularly those in the hard-hit tourism, hospitality and events sectors - report that it

will take two-plus years to pay off. It is imperative that government not add to this debt as businesses struggle to recover.

All these rising costs form the small business backdrop against which government decisions around imposing new costs must be weighed.

### **Priority Number One: Do No Harm**

The next government must take a “do no harm” approach to policies that will affect small businesses. This means both keeping existing costs and regulatory burden low, but also not adding new costs and red tape that could hamstring small business recovery.

#### **Taxes**

- **Do not introduce any new costs (tax increases, new fees, etc.) on small businesses.**
- **Reduce fuel taxes immediately.**
- **Index the Small Business Tax Rate (SBTR) threshold to inflation annually, and deliver a plan to gradually reduce the SBTR to 0%.**
- **Extend the tax deferral period beyond June 2022 and commit to a plan that does not involve an immediate lump-sum payment and immediate interest when the deferral period expires.**
- **Tie the Employer Health Tax threshold to inflation annually.**
- **Eliminate the aluminum tax on beer cans.**
- **Review liquor and spirits taxes to spur growth in the craft distilleries industry.**
- **Eliminate the 6.1% Basic Wine Tax for Ontario wineries selling their products on site, and eliminate the “import tax” imposed on Ontario wines by the Liquor Control Board of Ontario (LCBO) that treats them as though they were produced out of province.**

#### **Labour**

- **Do not introduce a mandatory employer-paid sick days program.**
- **Adopt a training tax credit that recognizes the informal “on-the-job” training happening in small businesses across Ontario.**
- **Consult fully with old and new trades to modernize Skilled Trades Ontario (formerly the Ontario College of Trades), so the trades it covers fit with the times.**
- **Expand small business access to co-op programs at all levels and broaden financial support.**
- **Adopt measures to mutually recognize certifications from outside of Ontario (both in Canada and internationally) to allow workers moving to Ontario from other provinces or countries to work in their fields immediately.**
- **Work with the federal government to further expand the Ontario Immigrant Nominee Program to include more employment streams and occupations.**
- **Offer financial support to small businesses adopting new technologies that address labour shortages.**
- **Suspend jury duty for the next two years for workers at businesses with five employees or less.**

### Workplace Safety and Insurance Board (WSIB)

- **Maintain the existing legislation for the WSIB's rebate policy that ensures money goes back to small businesses when the WSIB is over-funded.**
- **Repeal or amend mandatory WSIB coverage for owners, directors and independent operators in the construction sector (Bill 119, 2008).**
- **Introduce legislation to eliminate the 72-month lock-in provision and amend the Workplace Safety and Insurance Act to allow the WSIB to reopen cases after the 72-month deadline where there are noted improvements in work-related injuries.**

### Infrastructure

- **Review municipal building permit processes to determine if they can be standardized.**
- **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

- **Invest in the healthcare system to ensure province-wide lockdowns are never again needed or used due to a lack of hospital space or personnel.**
- **Deliver a concrete plan to balance the budget.**
- **Introduce a firm debt reduction strategy upon balancing the budget.**

### Red Tape

- **Commit to keeping Ontario's hard regulatory count that includes requirements on businesses from all government ministries, agencies, boards, commissions and delegated administrative authorities found in all legislation, regulations, policies, and forms.**

- **Commit to adding the rules on citizens to the province's regulatory count.**
- **Maintain Ontario's twice-annual red tape reduction bills and requirement to offset 125% of direct compliance costs within 24 months.**
- **Continue to annually update the province's regulatory reduction progress by Ministry in future Burden Reduction Reports.**
- **Adopt the Canada Revenue Agency policy that any incorrect information given by a government agent in writing must be honoured.**
- **Eliminate internal trade barriers, including the prohibition on individuals importing wine to Ontario by courier from producers in other provinces.**
- **Eliminate regulations that prevent licensees from offering promotions on alcohol sales.**

### Education

- **Include entrepreneurship education as part of Ontario's high school careers curriculum.**
- **Review Ontario's high school co-op program to encourage broader participation and use by both students and local businesses.**
- **Introduce a mandatory, full-semester practical financial literacy course at the high school level.**

### Electricity

- **Increase the existing 750 kWh threshold for the tiered rate system to 3,000 kWh.**
- **Consult on and publish a new Long-Term Energy Plan (LTEP) that reflects the government's energy policy changes and their impact on the existing LTEP projections.**
- **Provide small business support for electric vehicle charging stations.**

### Cannabis/LCBO

- **Broaden access by Ontario's craft distillers to LCBO stores so they may compete fairly for shelf space with larger distillers.**
- **Expand the list of alcohol items sold in grocery stores to mixed drinks containing spirits.**
- **Improve the LCBO's warehousing policies, and increase communication and consultation with agents.**
- **Review rules for cannabis storefronts and opaque windows.**
- **Launch a province-wide consultation on cannabis consumption spaces.**
- **Work with the federal government to bring cannabis advertising regulations in line with alcohol advertising regulations.**
- **Expand the sale of beverage alcohol to Ontario's convenience stores**

### Recycling

- **Remove single-use plastics being banned by the federal government from the list of items to be collected and recycled under Ontario's new Blue Box program that will fully take effect in 2026.**

- **Revise the Operating Agreement between the Resource Productivity and Recovery Authority (RPRA) and Ontario's Environment Minister to lower RPRA's Reserve Fund ratio to annual operating costs.**
- **Return any excess fees to the businesses that paid them, just like the WSIB is doing with its surplus funds.**