

'Hits just keep coming' for Manitoba small businesses, CFIB survey shows

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Borrowing costs are a major problem for Manitoba small businesses, according to the latest Canadian Federation of Independent Business (CFIB) Business Barometer.

Some 39% of Manitoba small businesses reported borrowing costs as becoming a major input cost constraint. In a press release Friday, CFIB said this indicator has surpassed its historical average of 22% and is at its highest point since CFIB began tracking it in 2009. Following a sharp increase in two months, a record share of businesses (39%) also cited a shortage of working capital as one of their biggest limitations on growth.

Many businesses were having difficulties with other costs in September: 69% of businesses reported that wage costs were causing difficulties, 67% kept struggling with fuel and energy costs and 66% flagged tax and regulatory costs.

“The hits just keep coming for small businesses,” said Brianna Solberg, Director of Provincial Affairs at CFIB. “Firstly, they were misled by the federal government’s announcement on the Canada Emergency Business Account (CEBA) loan repayment deadline. The 18-day extension of the forgivable deadline feels like an insult for many still trying to make a dent in their debt. Secondly, there was the recent surprise Employment Insurance (EI) rate increase, not to mention the Bank of Canada rate hikes in June and July. A large and growing number of businesses are dealing with significant financing challenges on top of an already very difficult business environment.

“With the holiday season approaching, this is another reminder to support local businesses whenever possible.”

Overall, Manitoba small business confidence over the next 12 months posted a slight drop in optimism. Among the sectors, agriculture (38.0), retail (42.3) and wholesale (47.4) had the lowest levels of confidence, while businesses in service sectors, such as information and recreation (63.2) and health and education (65.7), topped the rankings.

“Many of the Business Barometer indicators this month continue to point to a tough business environment and sluggish recovery,” concluded Simon Gaudreault, CFIB’s chief economist and vice-president of research. “Small businesses weren’t overly optimistic and had challenges accessing financing even before the recent CEBA and EI announcements. One can only presume that things will get worse for them if there’s never any relief in sight.”