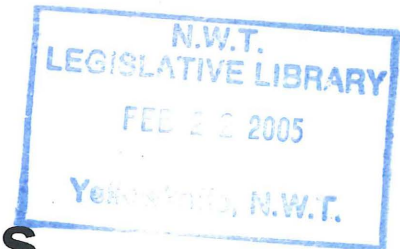




Canadian Federation of Independent Business



Small Business Priorities in the NWT

Corinne Pohlmann
Director of Territorial Affairs, NWT
October 6th to 8th, 2004

CFIB Overview

- **Non-partisan**
- **Non-profit organization**
- **Federal, provincial, municipal issues**
- **105,000 members – 200 in NWT**
- **Represent all sectors, all regions**
- **Survey research based**
- **Democratic: 1 Member = 1 Vote**

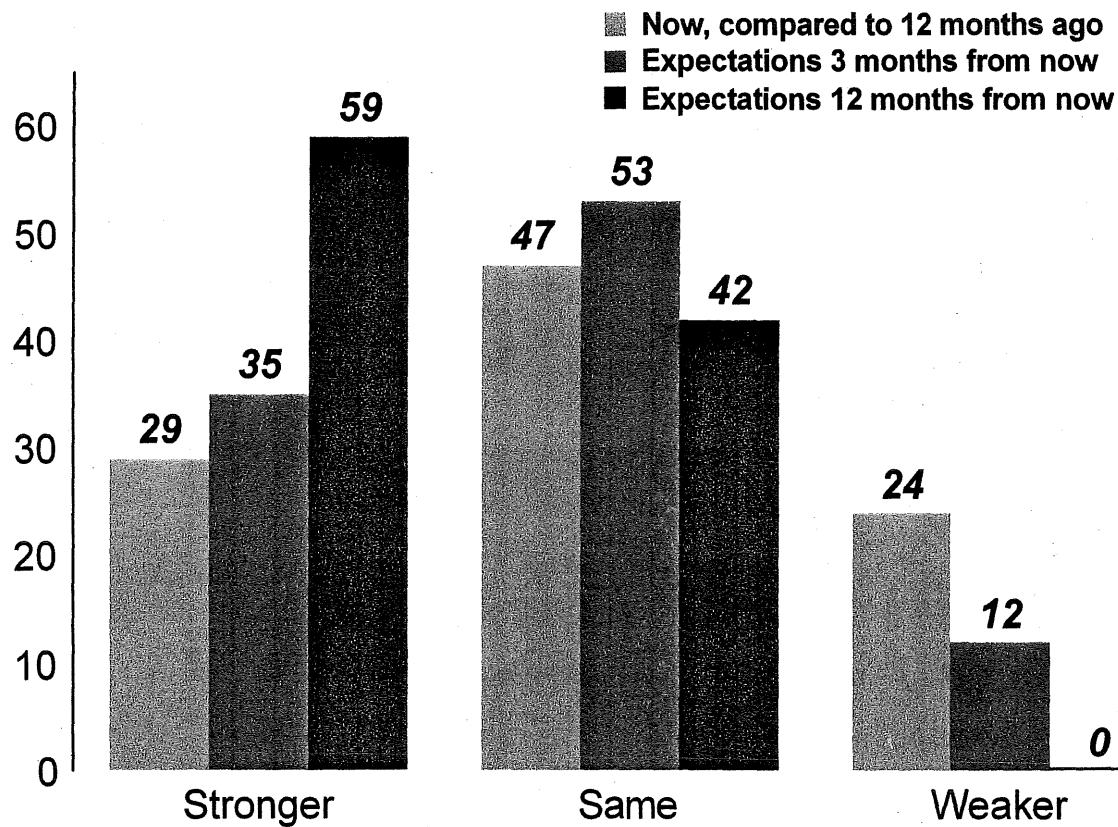
CFIB Services

- **Member Services**
 - Assistance/information on dealing with business problems
- **Value-Added Services**
 - Visa/Mastercard rates, Membernet, VUBiz
- **Website - www.cfib.ca**
 - Information, voting, news, research, and much more...
- **Handouts**
- **Newsletters**
- **Surveys and Research Reports**

The Economy

- Business performance
- Hiring of full-time employees in 2004
- External factors

Current and Expected Business Performance in the NWT

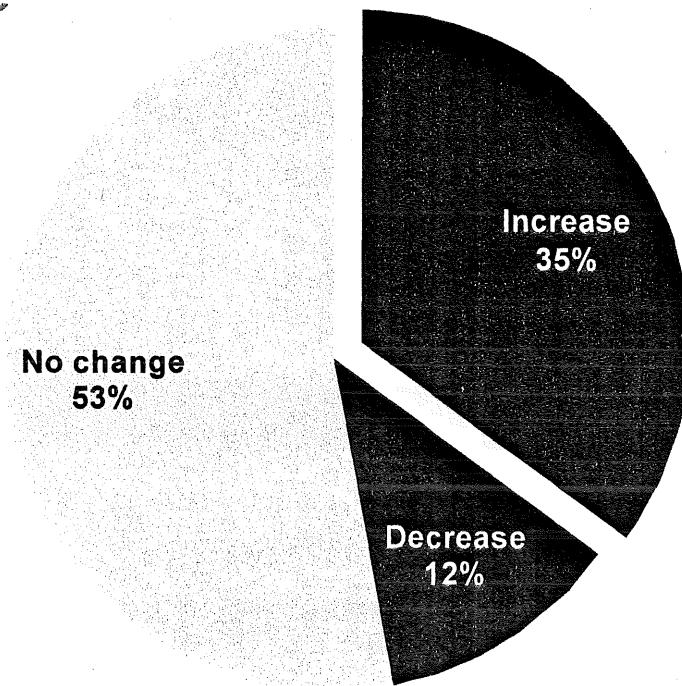


59% expect their firm's performance for 2004 to be stronger and none expect a weaker performance.

Source: CFIB Quarterly Business Barometer, NWT data, March 2004

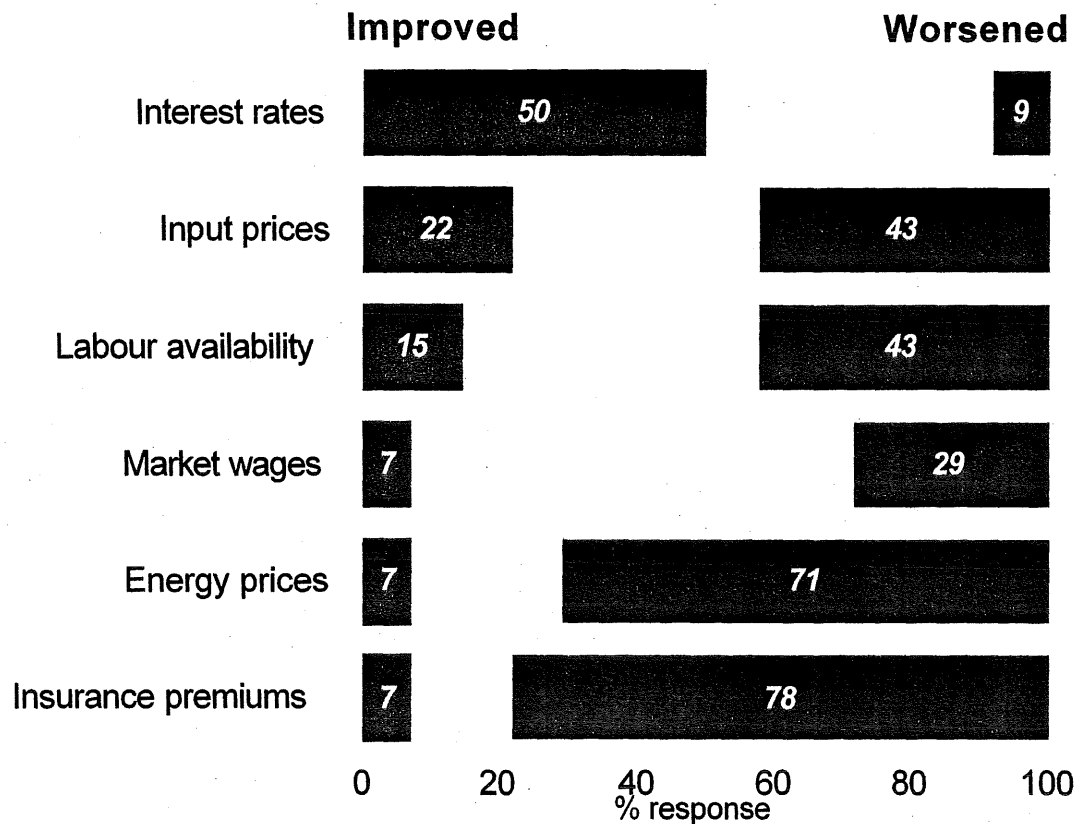
2004 Hiring Expectations in NWT

Full time



Source: CFIB Quarterly Business Barometer, NWT Data, March 2004

Impact of External Factors on Business over Past 12 Months



* Distance between bars reflects 'no change' or 'not applicable' response

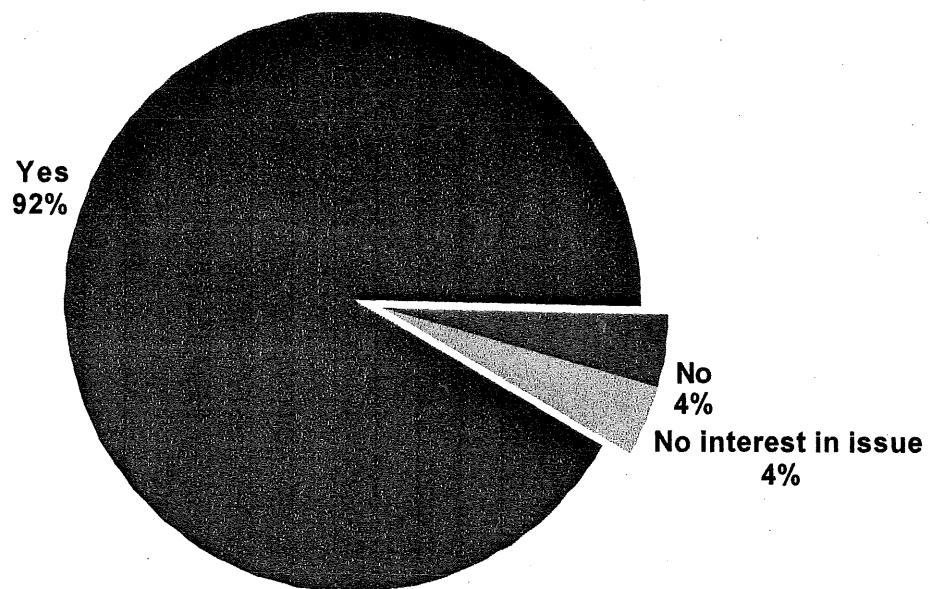
Source: CFIB Quarterly Business Barometer, NWT data, March 2004

NWT Finances and Budgeting

- Sources of revenue
 - Resource royalties
 - Business grants/subsidies
 - Public administration wages
 - P3s
- Management of spending

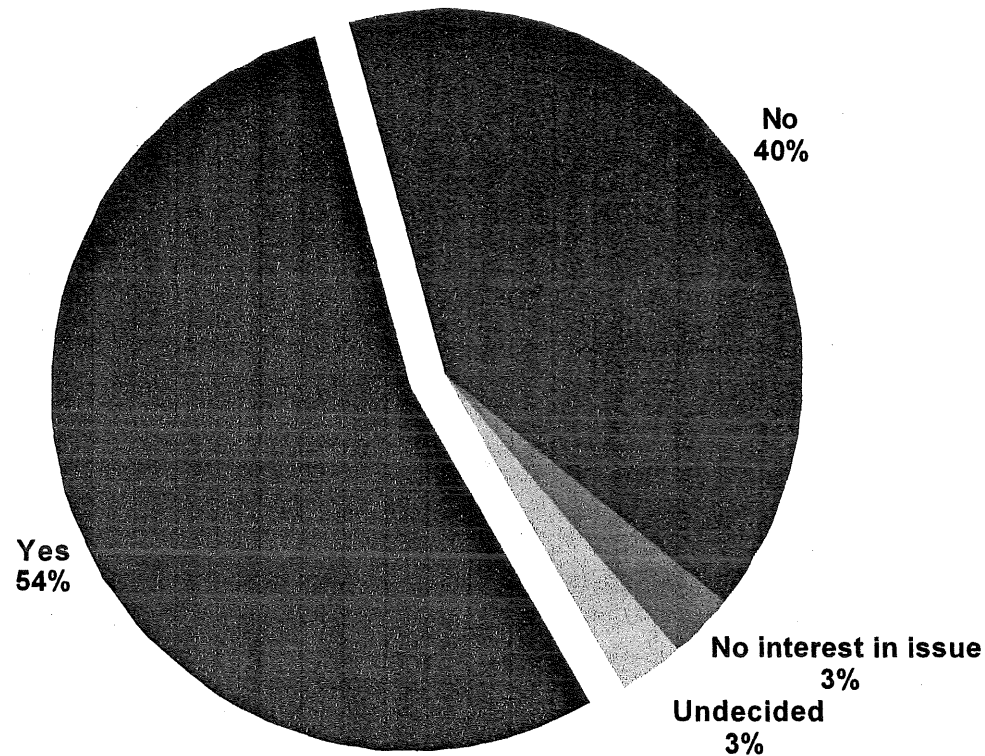
Resource Revenues

Should the GNWT be allowed to retain royalties from non-renewable resource developments in the North?



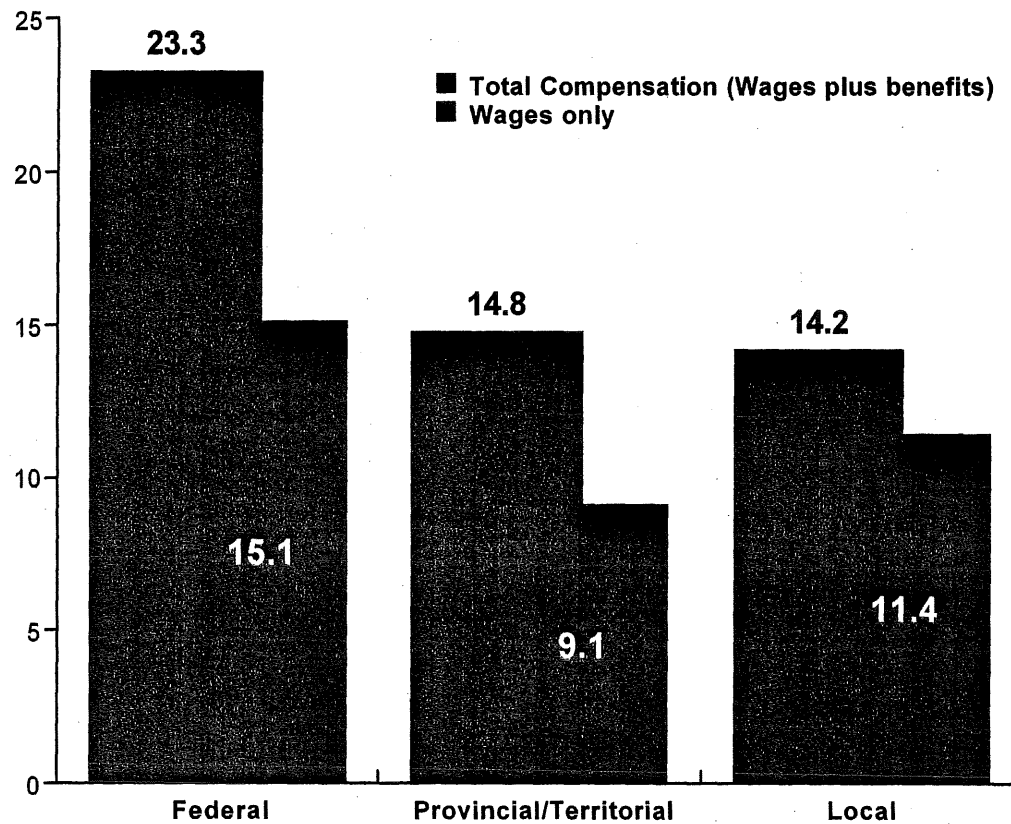
Source: CFIB Mandate 213, February 2004, NWT data results

Should the GNWT introduce legislation to prohibit business grants and subsidies?



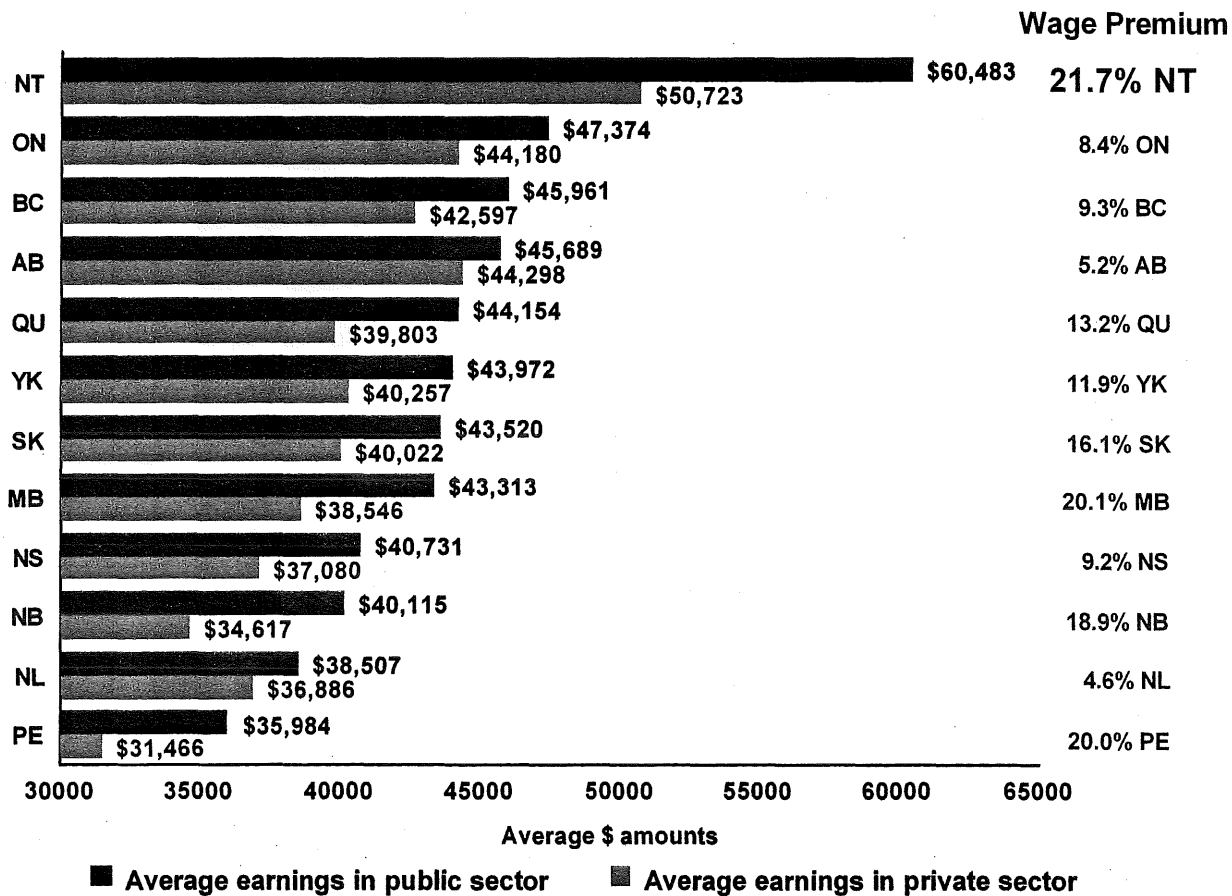
Source: CFIB Mandate 210, May 2003, NWT data results

Public Administration Compensation Premiums (% , 2000)



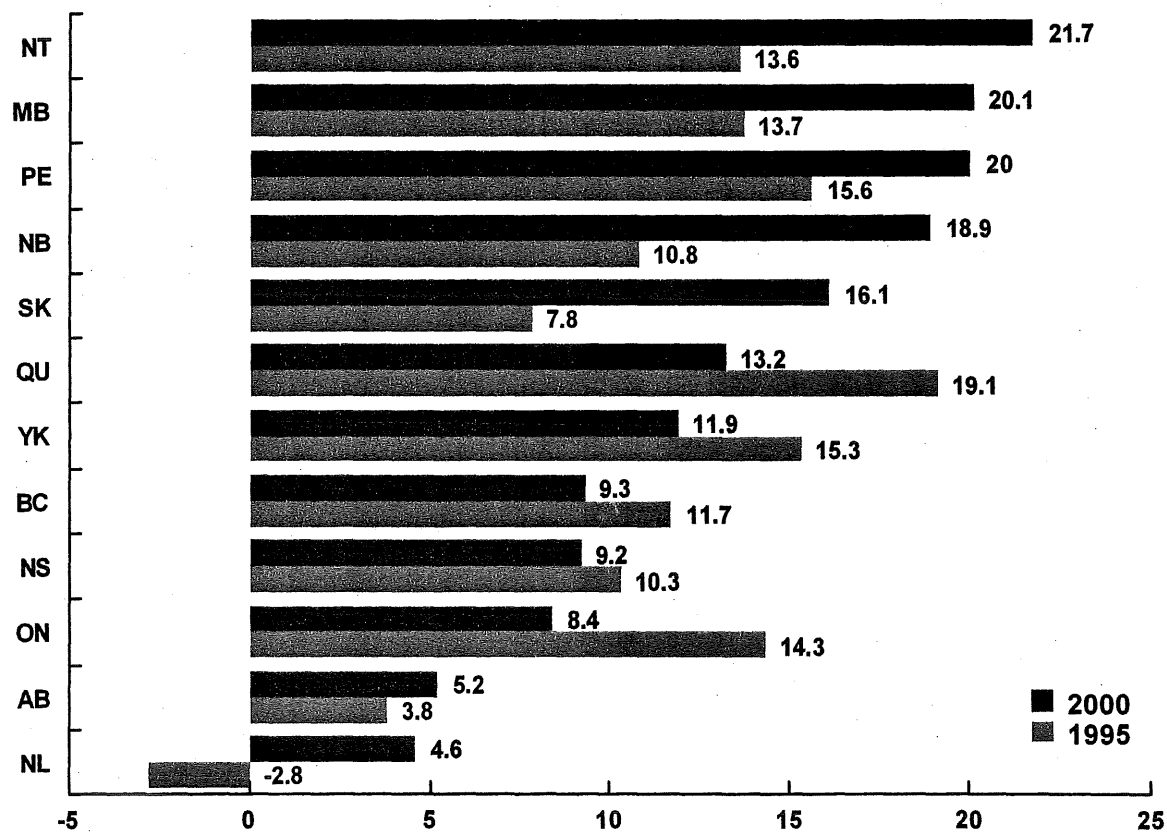
Source: CFIB Tabulation of Census data, Statistics Canada

Provincial/Territorial Public Administration vs. Private Sector Annual Earnings



Source: CFIB Tabulation of census data, Statistics Canada

Public Sector Wage Premium (1995 vs. 2000)

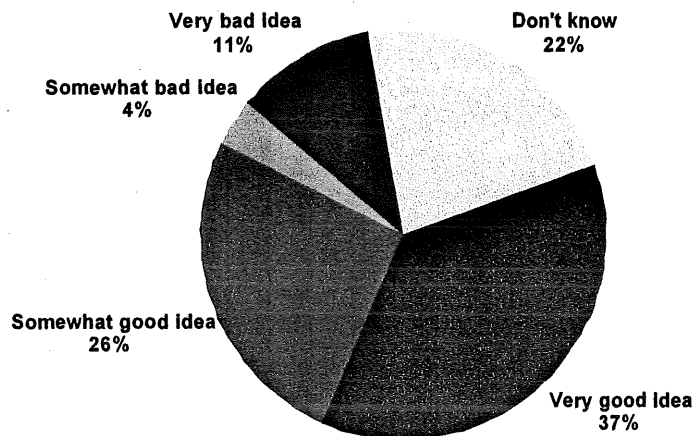


Source: CFIB Tabulation of census data, Statistics Canada

Public-Private Partnerships (P3s)

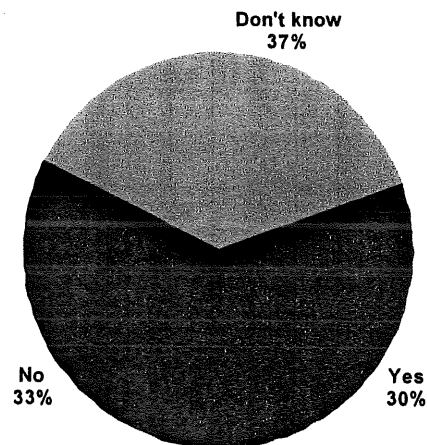
P3s allow private firms to get involved in areas that have usually been government's responsibility. P3s may provide infrastructure, community facilities, and other services.

What do you think about having P3s in the NWT ?



Source: Focus on NWT Survey 2003, August 2003.

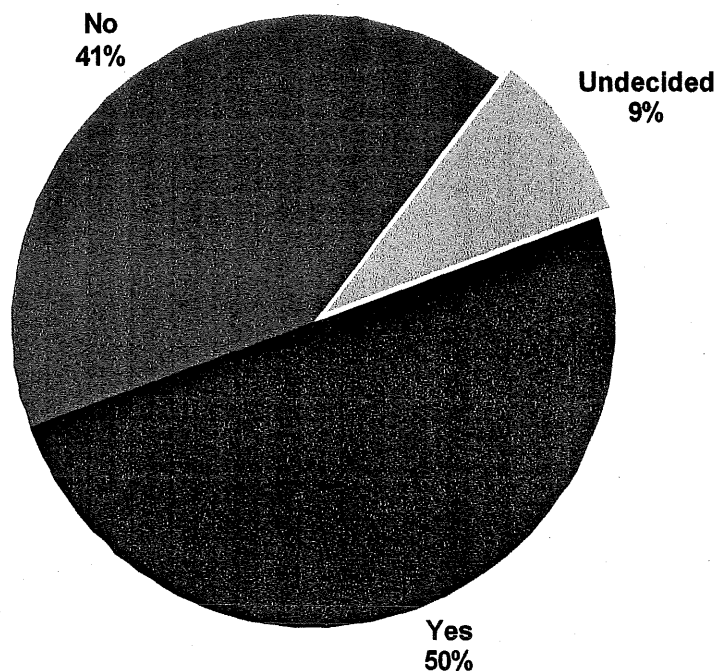
Many types of P3s must charge a fee to provide a service. Would you be willing to pay a private firm for a service that was previously paid with tax dollars?



Source: Focus on NWT Survey 2003, August 2003.

Public-Private Partnerships (P3s)

Should the Territorial government enter into public-private partnerships (p3s)?

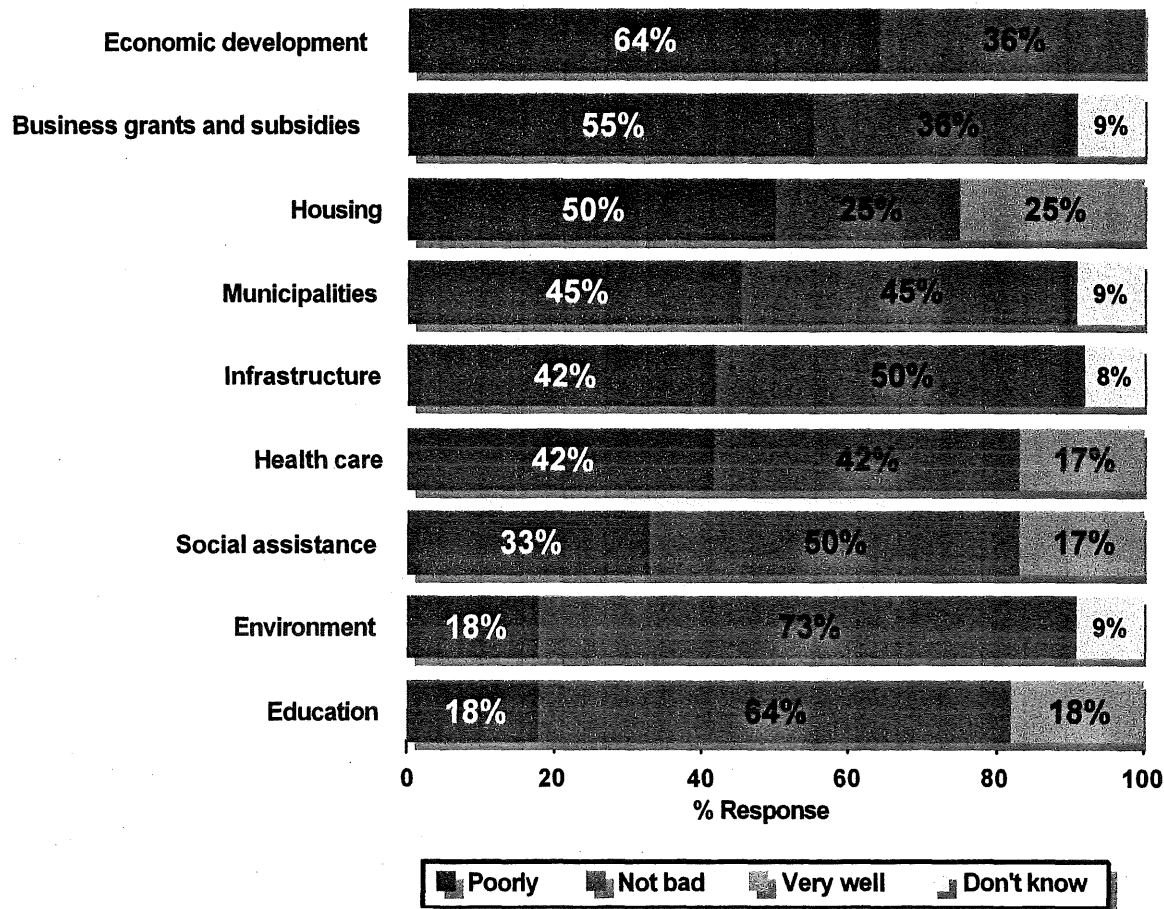


Background: With the growing need to exercise spending restraint, governments are increasingly entering partnerships with private entities to develop and improve infrastructure and services. Arrangements vary and may include private involvement in financing, developing, operating and owning a project. The NWT government (GNWT) is now working with the Deh Cho Bridge Corporation to build a bridge over the Mackenzie River.

Supporters say: P3s would allow the GNWT to cut spending to help control ballooning deficits; P3s would result in government downsizing while creating jobs in the private sector; P3s would result in more efficient and innovative services tailored to users' needs.

Opponents say: Entering into public-private partnerships would not solve GNWT's spending problems; To cover expenditures, private entities may impose fees, increasing costs to users; It is inappropriate for a private entity to make profits by providing public services.

How Well Does the GNWT Manage Spending in...?

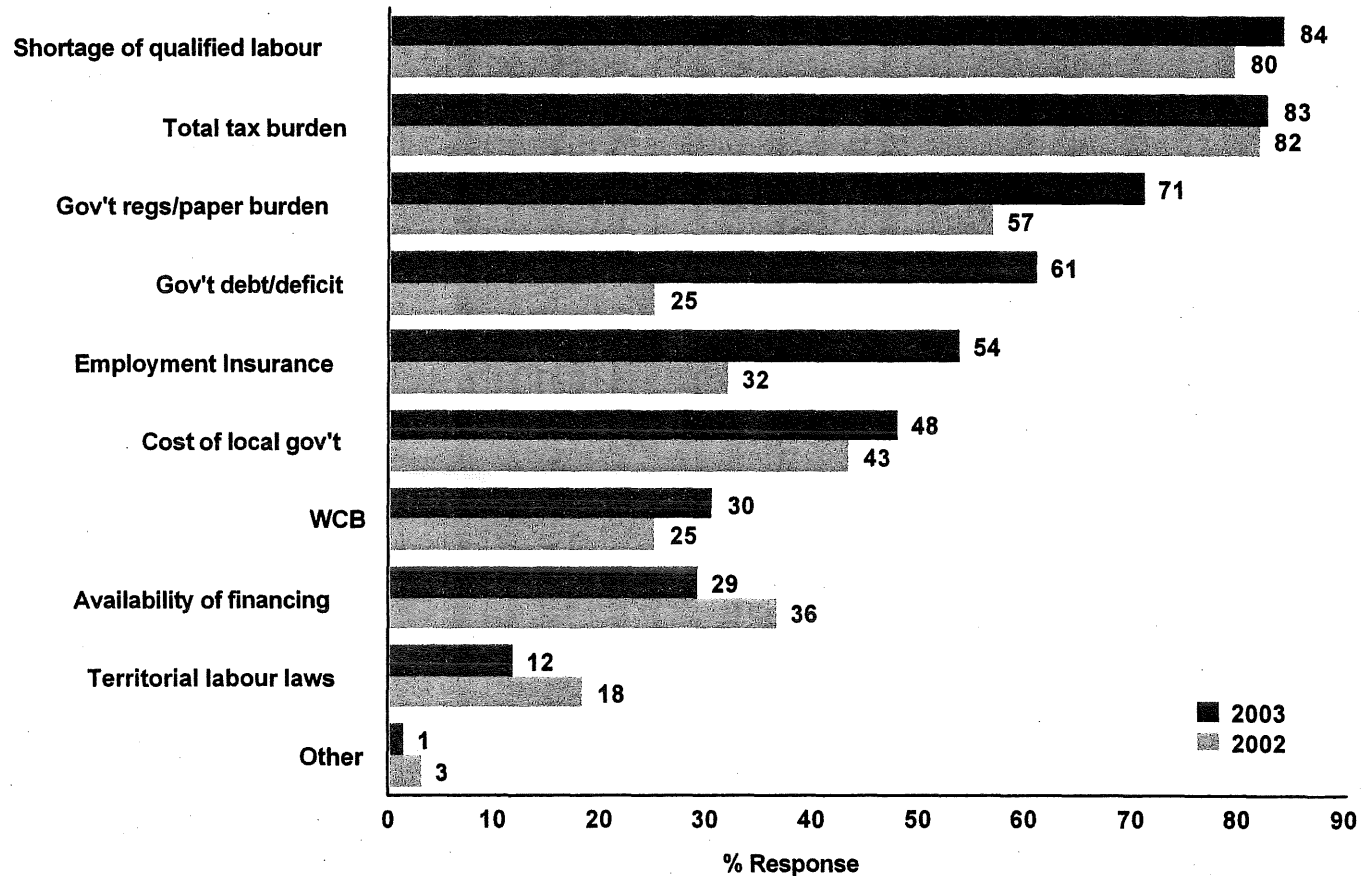


Source: Focus on NWT Survey, August 2004

Small Business Priorities

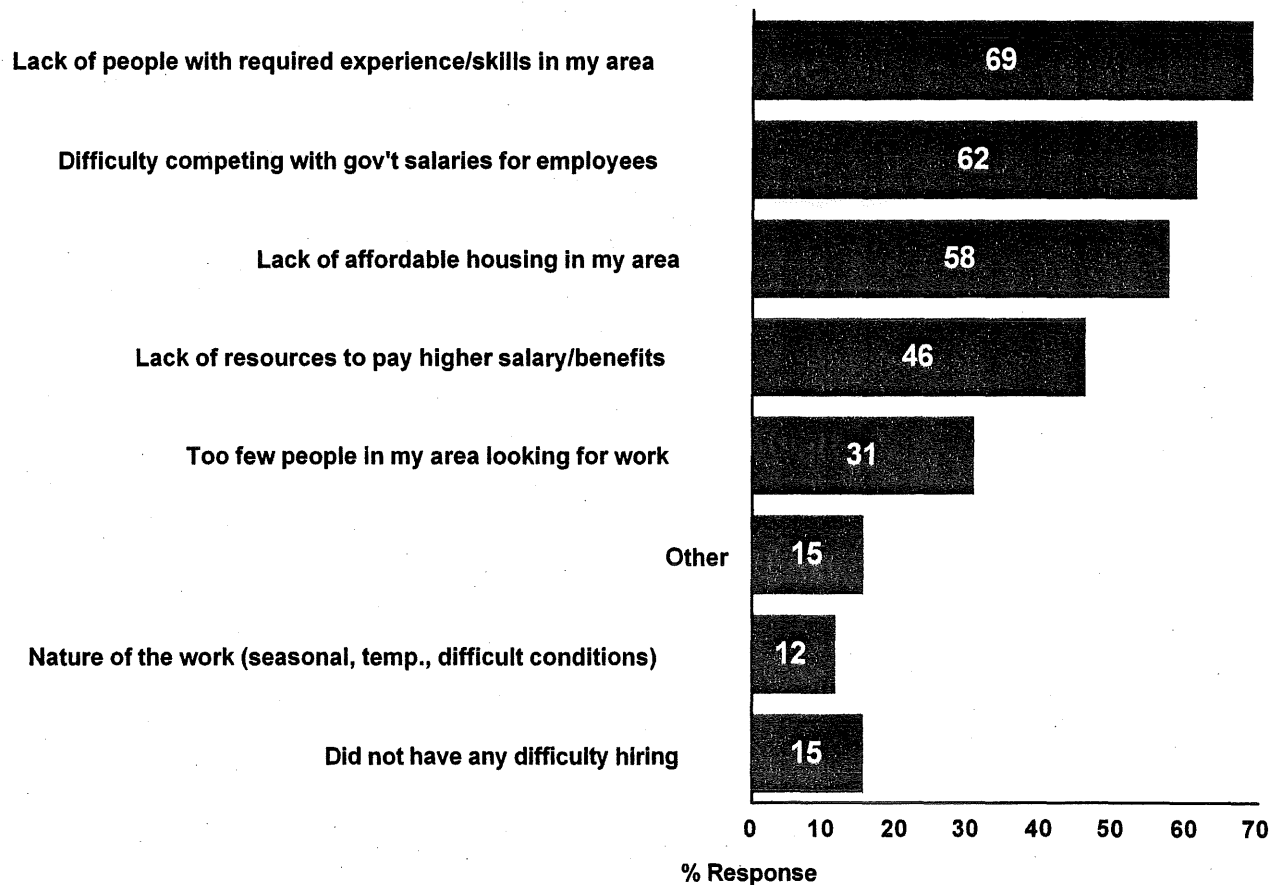
- Shortage of qualified labour
 - Difficulties faced and how small business cope
 - Flexible workplace practices in NWT small firms
- Taxation
- Regulations and paper burden
- WCB and Safety

Priority Issues for NWT Small Business



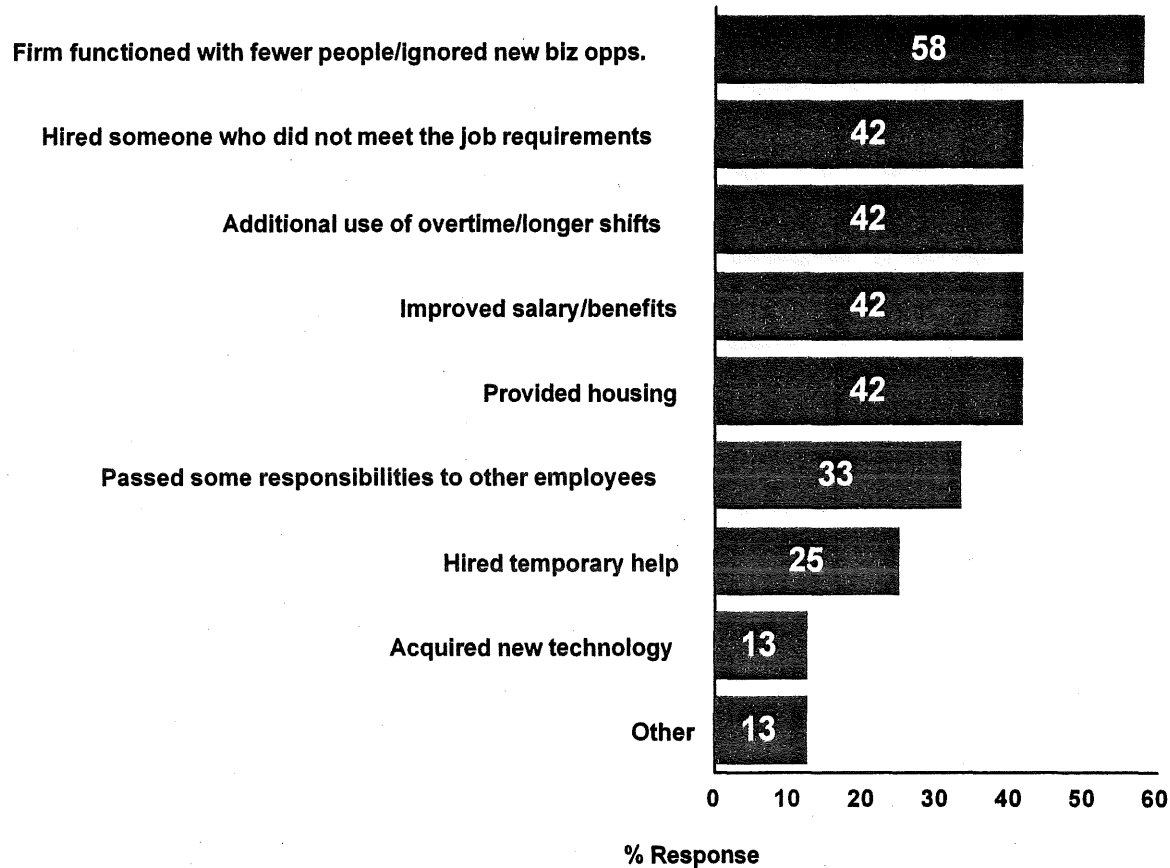
Source: Our Members' Opinion No. 53, December 2003.

Difficulties Faced by Business when Hiring Employees in NWT



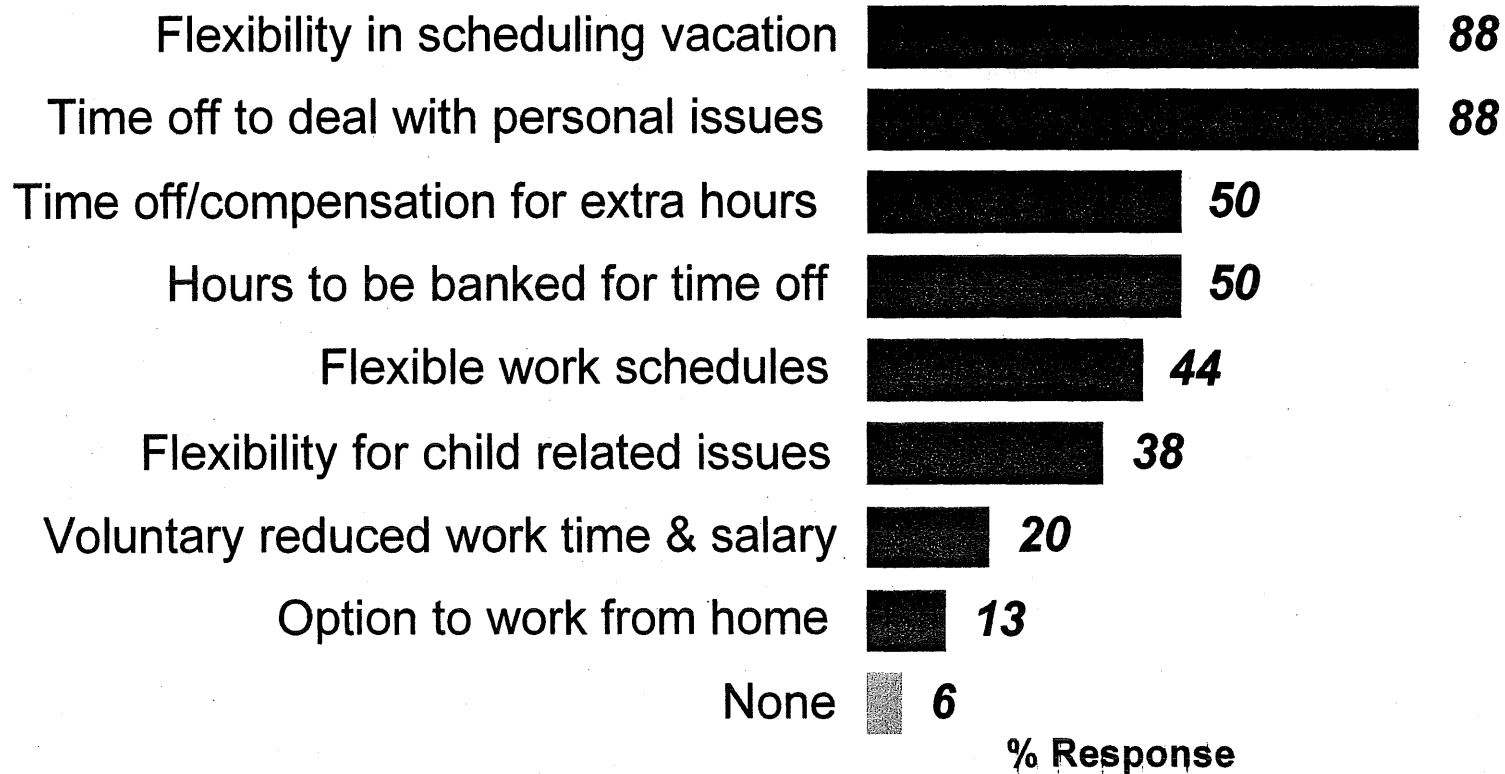
Source: Focus on the Northwest Territories, September 2003.

How NWT Businesses Cope with Hiring Difficulties



Source: Focus on the Northwest Territories, September 2003.

Types of Workplace Practices in NWT Small Business



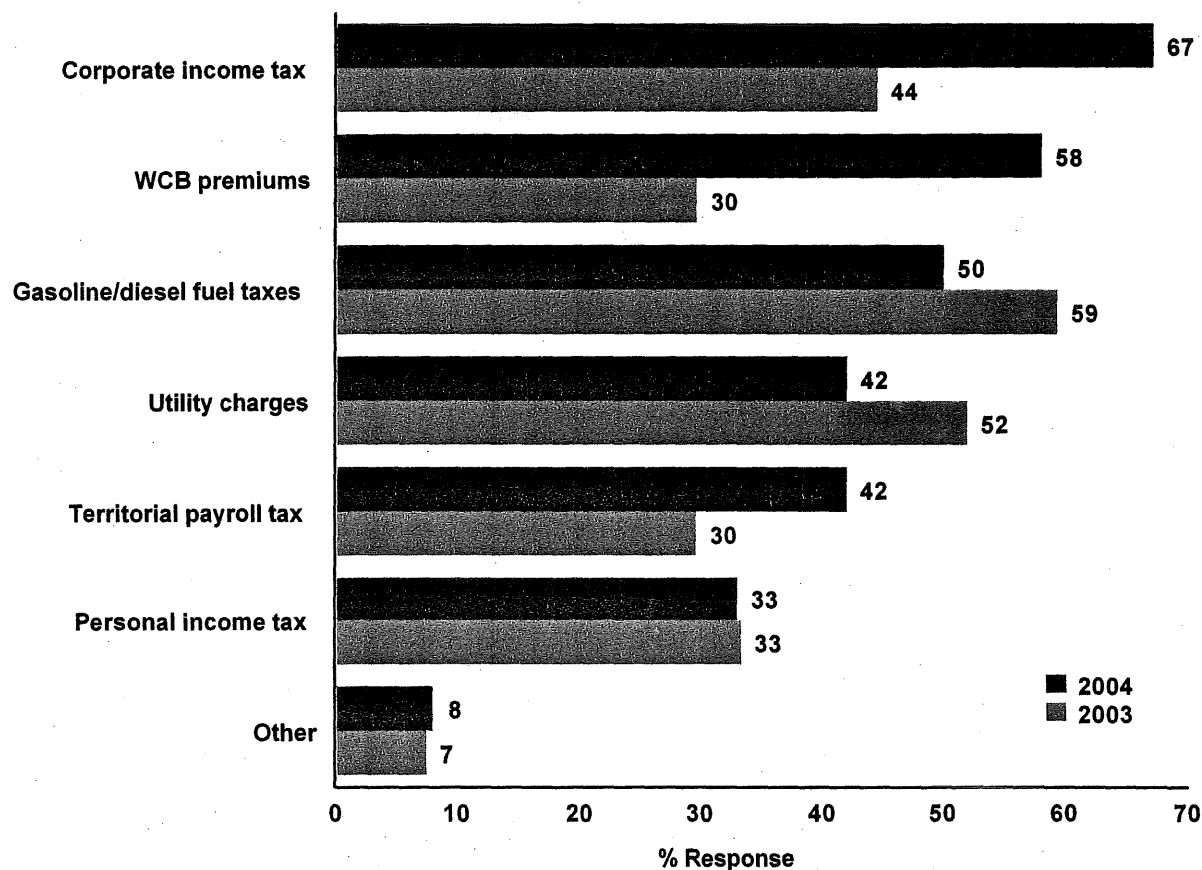
Source: CFIB Survey, *Workplaces that Work*, February, 2004

Benefits of Flexible Workplaces



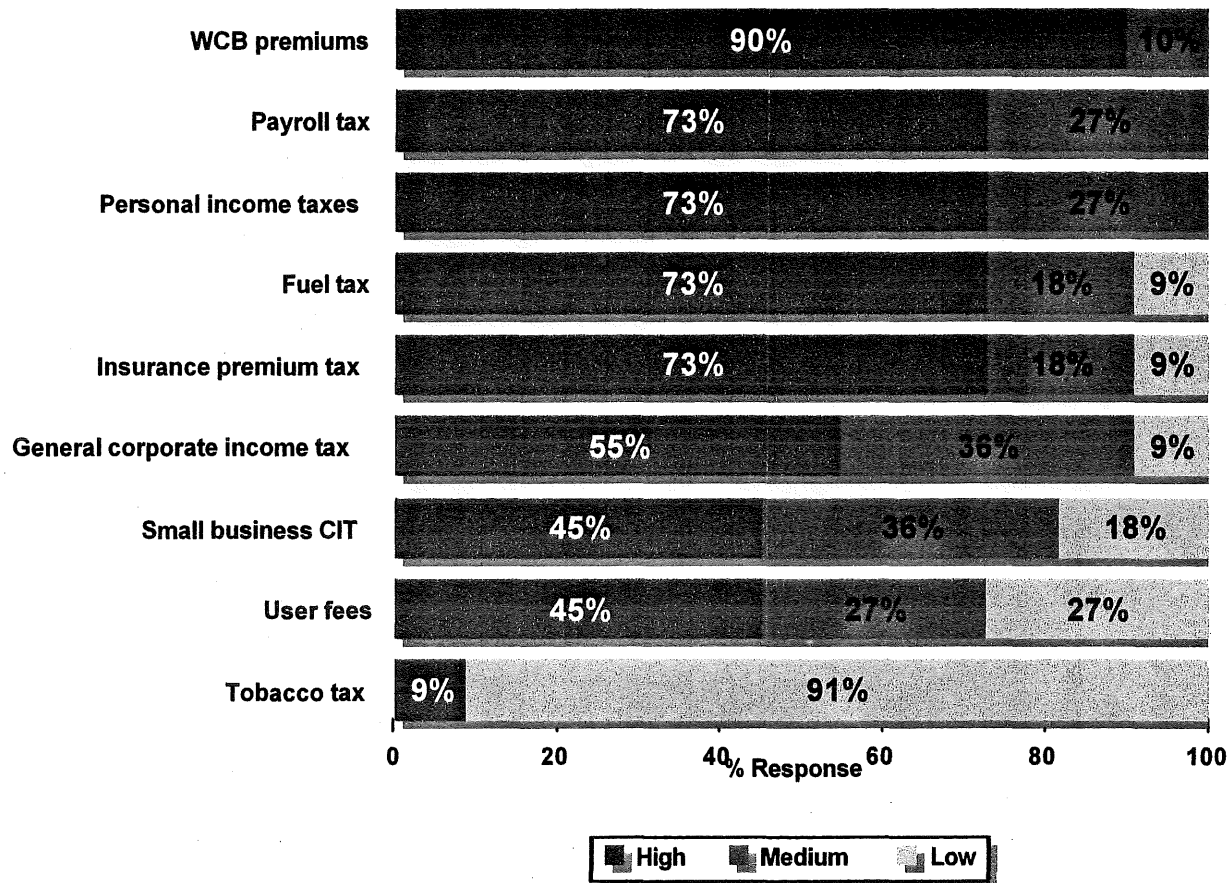
Source: CFIB Survey, *Workplaces that Work*, February 2004

Most Harmful Taxes to NWT Small Business



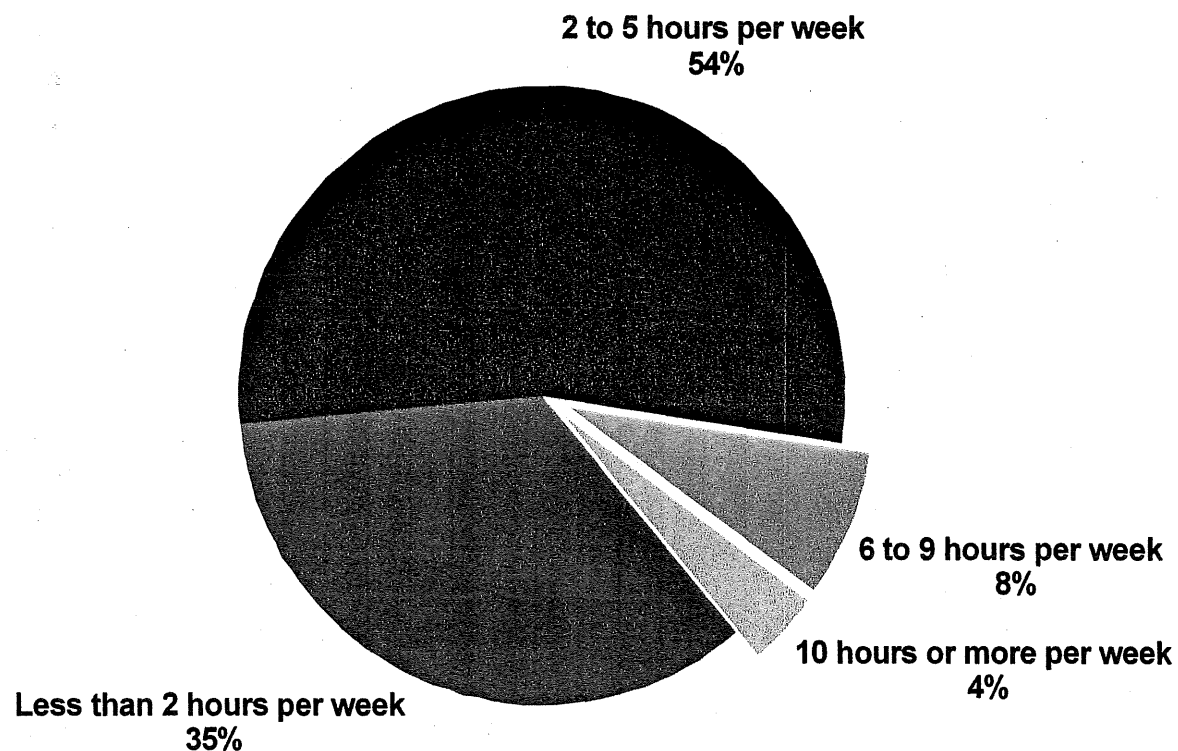
Source: NWT Territorial Surveys, 2003 and 2004

Small Business Priority for Cuts in NWT Tax/Charges



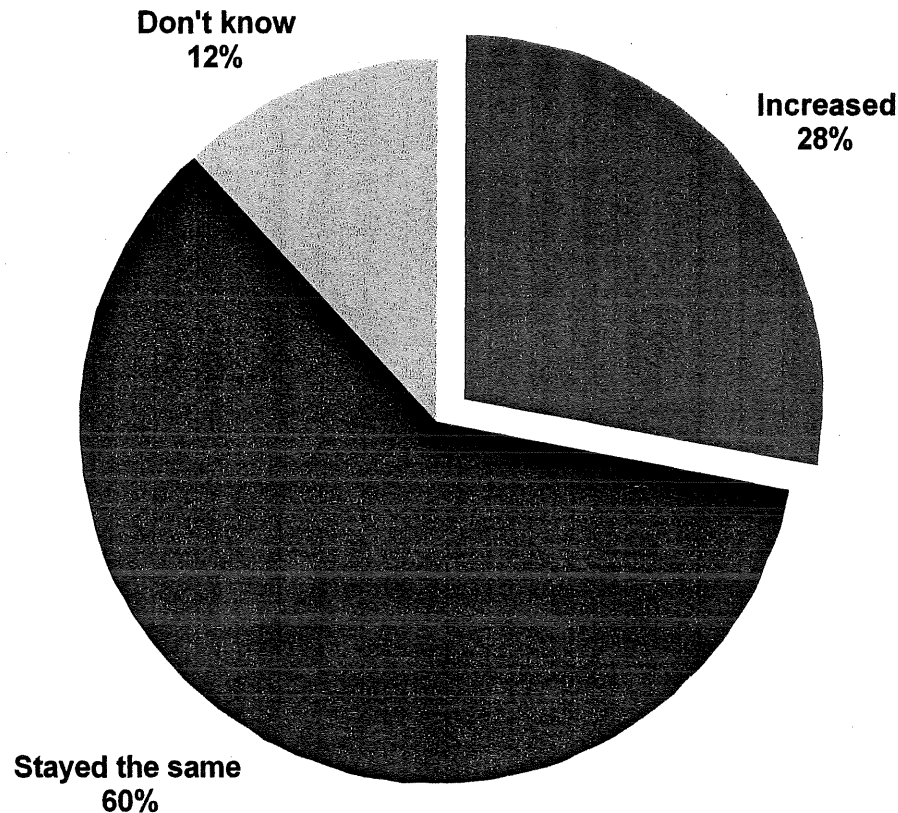
Source: Focus on NWT Survey, August 2004

How many hours per week, on average, must you, your employees, or outside professionals spend dealing with government regulations and/or paper work?



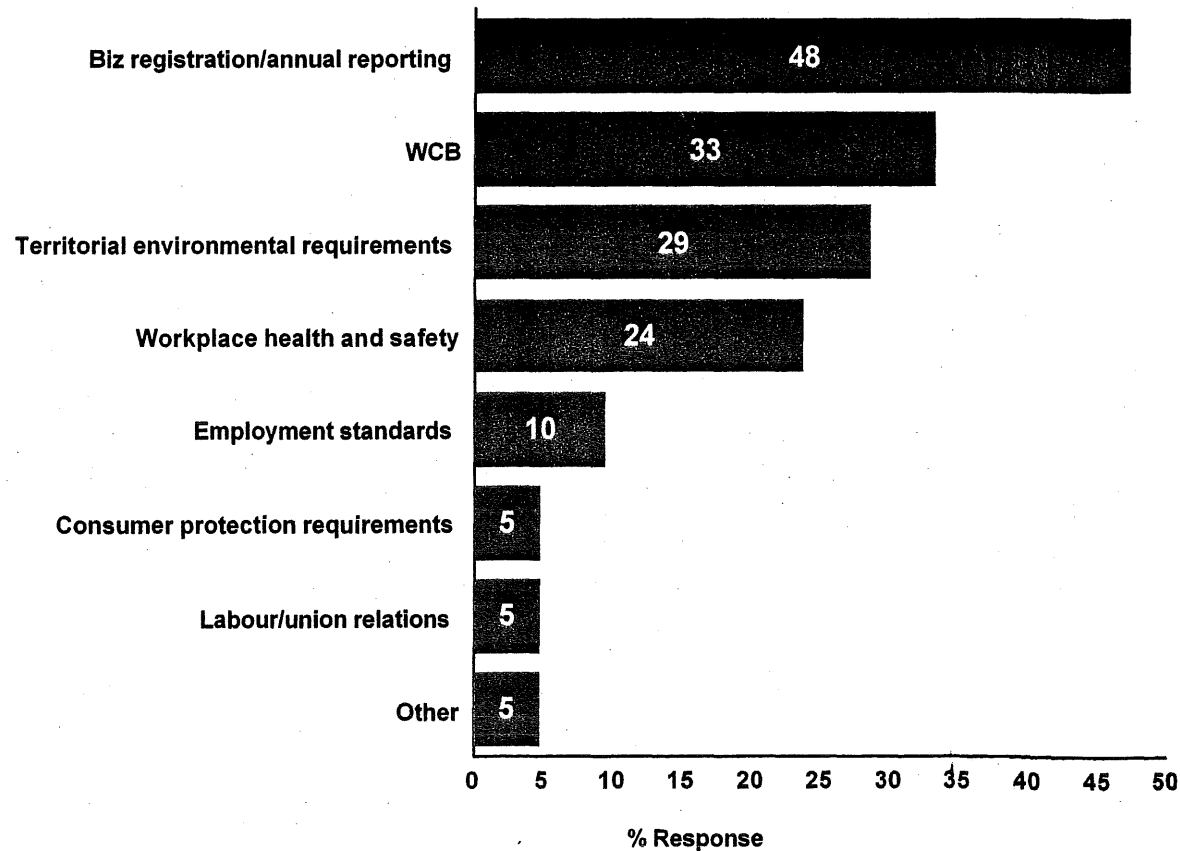
Source: Focus on NWT Survey 2003, August 2003.

Has the amount of regulation or paper burden required by the Territorial government of your business changed in the last 2 years?



Source: Focus on NWT Survey 2003, August 2003.

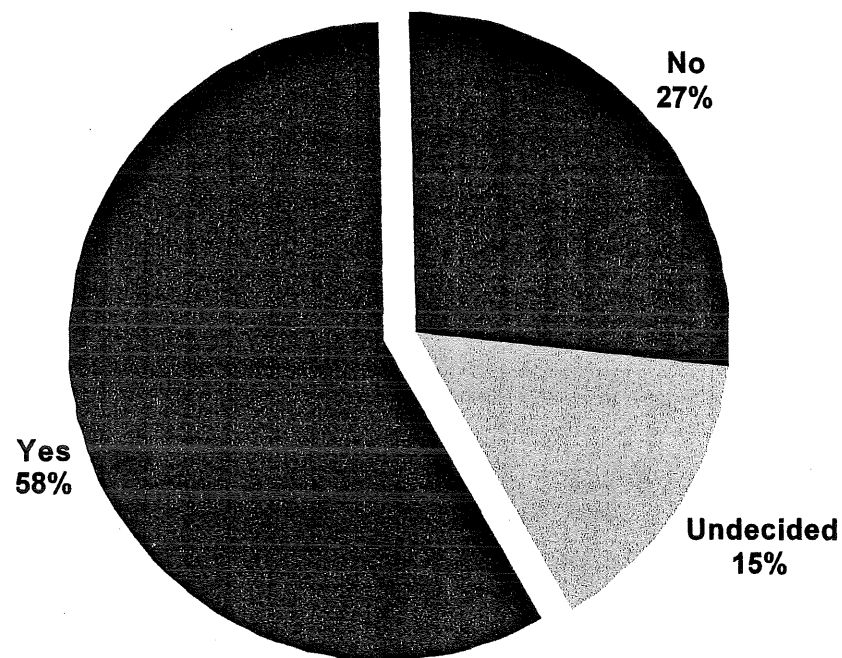
Most Harmful Areas for Red Tape/Paper Burden



Commit to review of all NWT regulations, forms, and fees and set clear targets for reductions

Source: Focus on NWT Survey 2003, August 2003.

Should the NWT government legislate a three-day waiting period for WCB benefits?



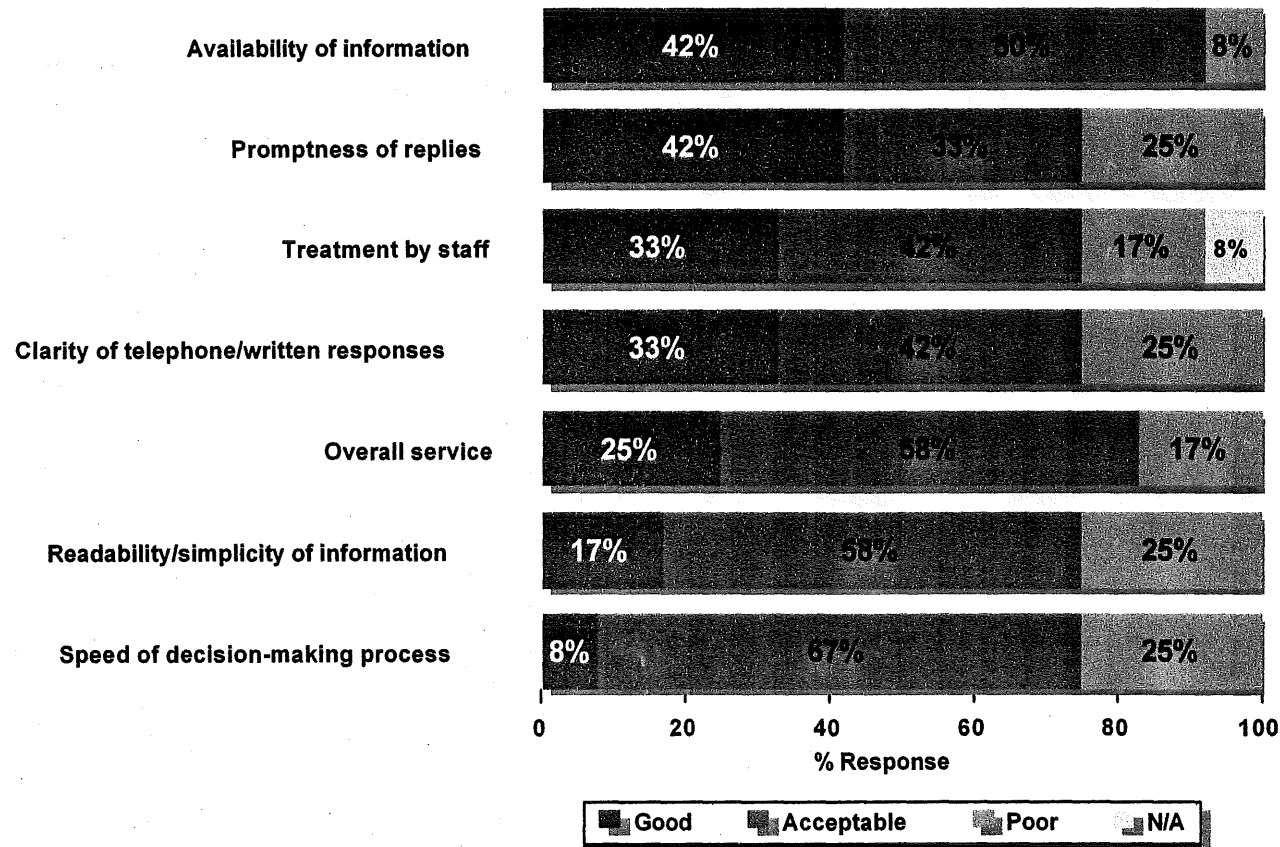
Background: Some provinces have short-term waiting periods for WCB benefits. Under such a system, injured workers receive no income replacement benefits for the first few days of a claim. This is similar to most private and public insurance schemes, such as Employment Insurance and private disability plans.

Supporters say: Considering that WCB rates have risen 60 per cent in two years, waiting periods may help reduce rates by limiting short-term claims that add significantly to WCB administrative costs. Waiting periods would help cut down on the incidence of abuse, while protecting genuinely injured workers.

Opponents say: NWT rates are lower than in most other jurisdictions so it would be unfair for the cost of a workplace accident to fall entirely on the victim for the first few days. A waiting period may lead to a temptation not to report accidents, which may cause more serious injuries.

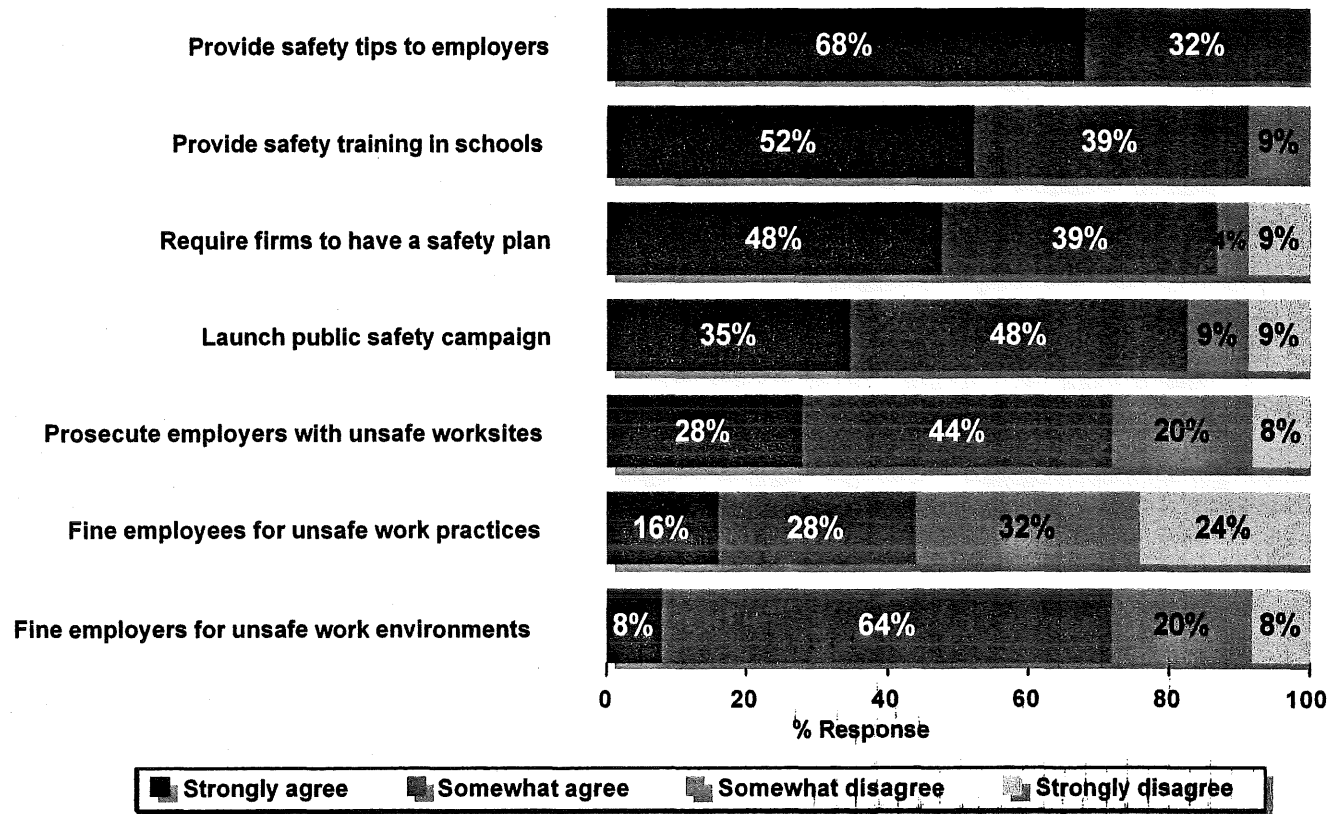
Source: CFIB Mandate 212, November 2003, NWT data results

Small Business Ratings of WCB Customer Service Measures



Source: Focus on NWT Survey, August 2004

Best Methods to Improve Safety in the Workplace

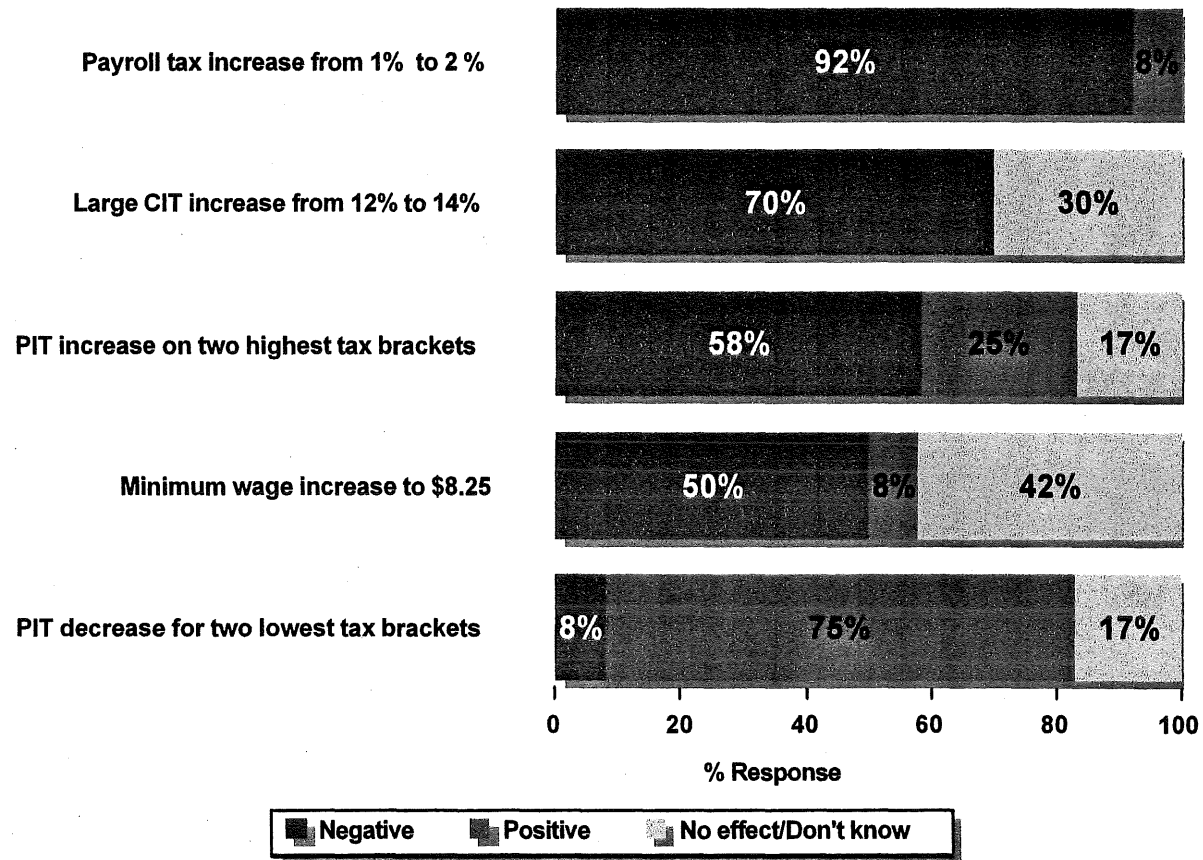


Source: Focus on NWT Survey, August 2003.

The Past, Present and Future

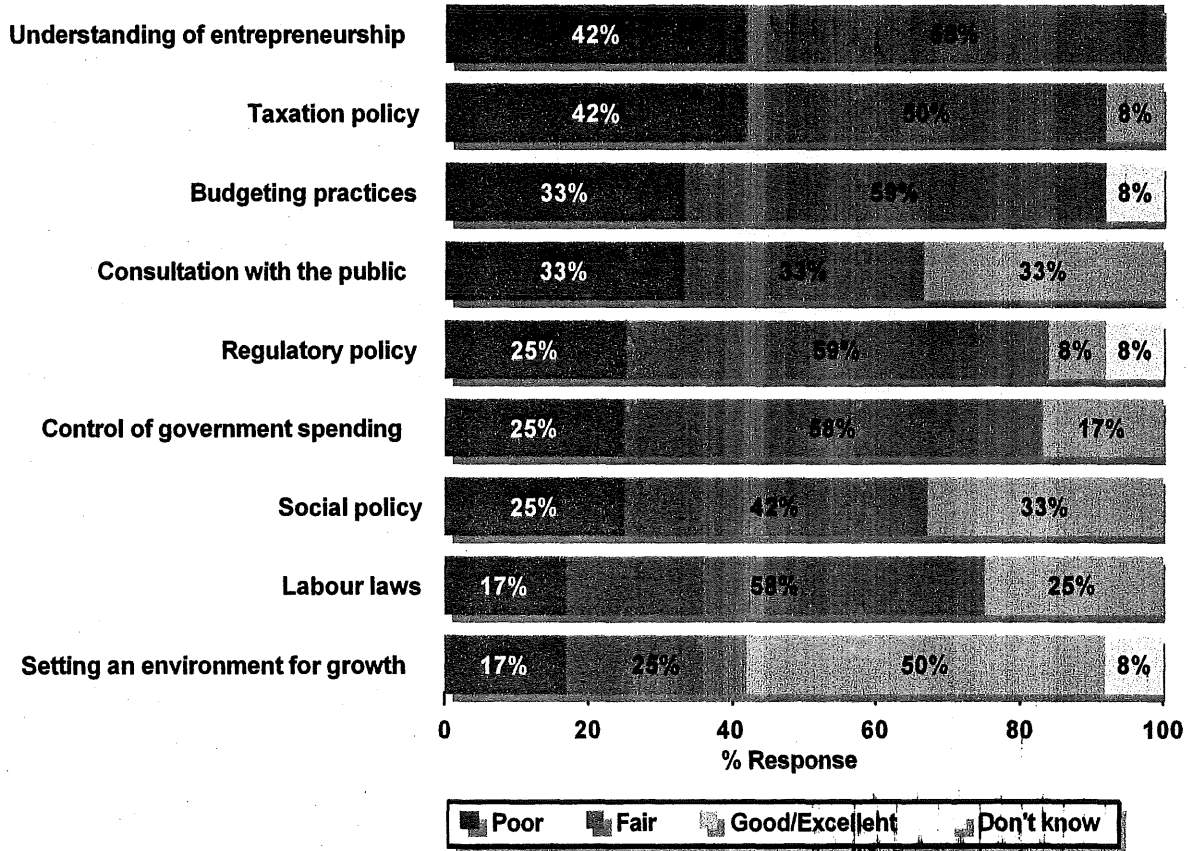
- Impacts of recent government initiatives
- Government performance
- Priorities over next 5 years
- CFIB recommendations

Impact of Recent Government Initiatives



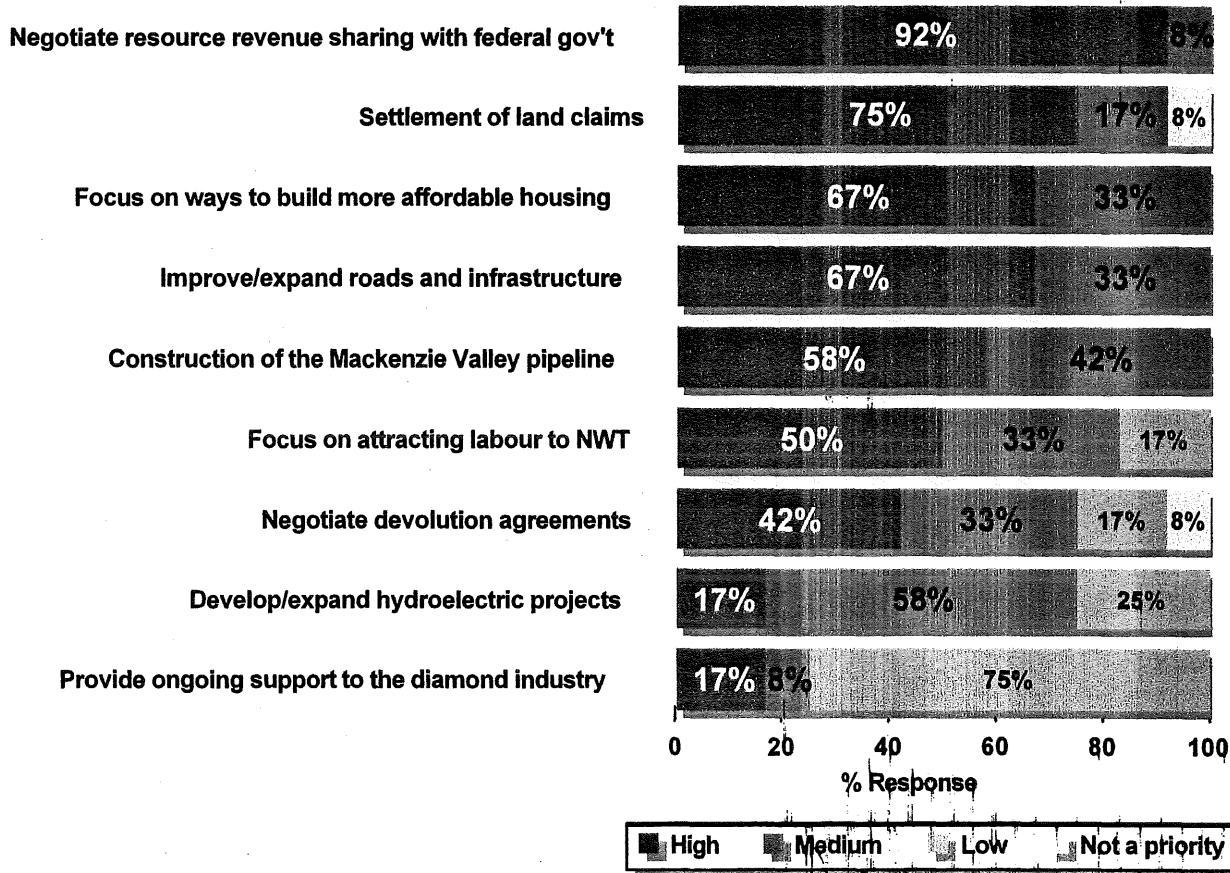
Source: Focus on NWT Survey, August 2004

Government Performance



Source: Focus on NWT Survey, August 2004

Small Business Priorities for NWT Government Over Next 5 Years



Source: Focus on NWT Survey, August 2004

CFIB Recommendations

- **Remain committed to finding further spending efficiencies**
- **Remain focused on developing an accountability framework with specific measures, as well as debt and deficit limits.**
- **As soon as possible, consider reducing the corporate income tax rate and explore taxation/other options to encourage small business growth.**
- **Reconsider the payroll tax increase. At the very least, monitor the impacts of the increase on labour shortages to determine if the net fiscal benefit justifies the potential loss of qualified workers.**
- **Take measures to minimize the wage differentials so that public sector wages follow, not lead, private sector wages as a means of reducing government costs and assisting firms in struggling to attract and retain qualified workers.**
- **Commit to review NWT regulations, forms, and fees. Set clear targets for reductions.**
- **Commit to public consultations when government decisions with a direct impact on the business community are being debated.**

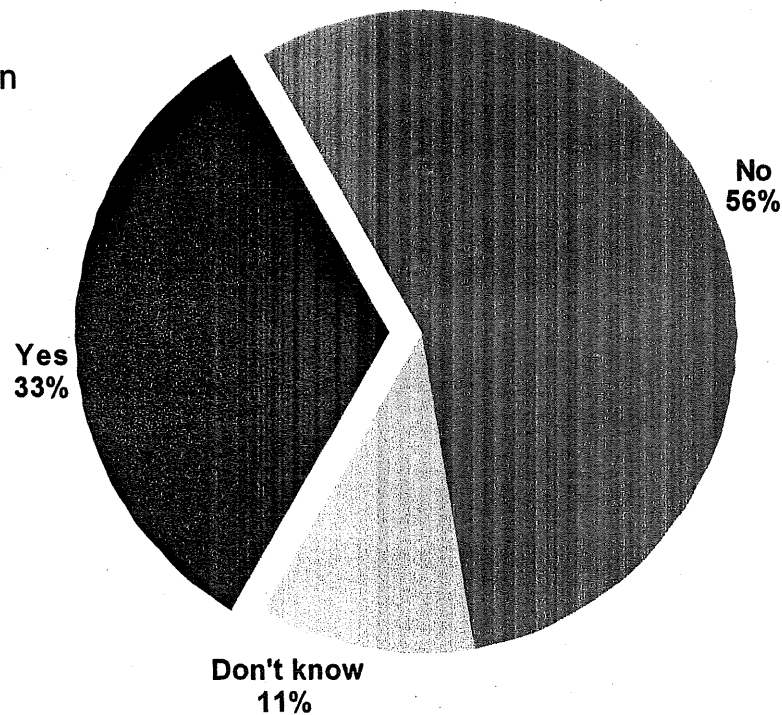
Other Issues

- Business Incentive Policy (BIP)
- Municipal Issues
- Input costs - insurance

The Business Incentive Policy (BIP)

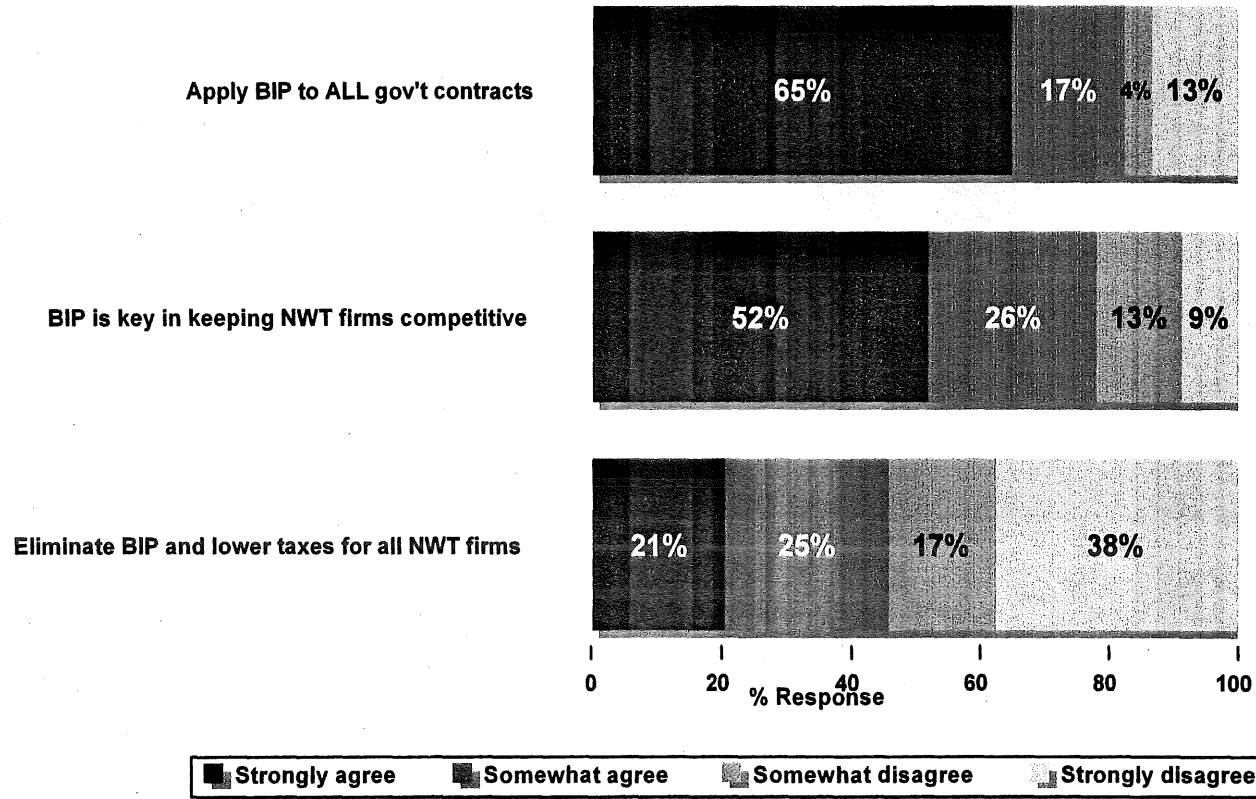
NWT's Business Incentive Policy (BIP) allows NWT firms to bid up to 20 per cent higher on territorial government contracts than firms from outside the NWT.

Has your firm benefited directly from BIP?



Source: Focus on NWT Survey 2003, August 2003.

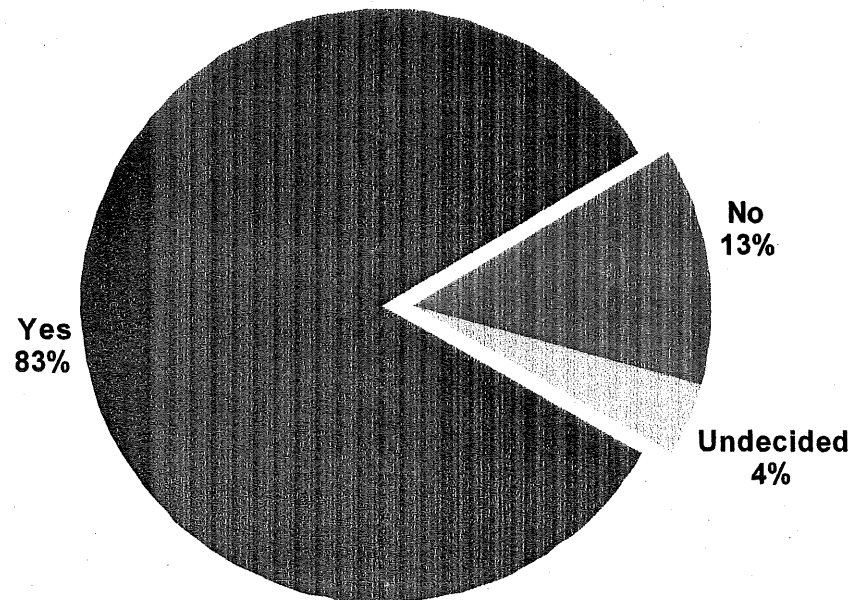
Opinions Regarding the Business Incentive Policy (BIP)



Source: Focus on NWT Survey, August 2003.

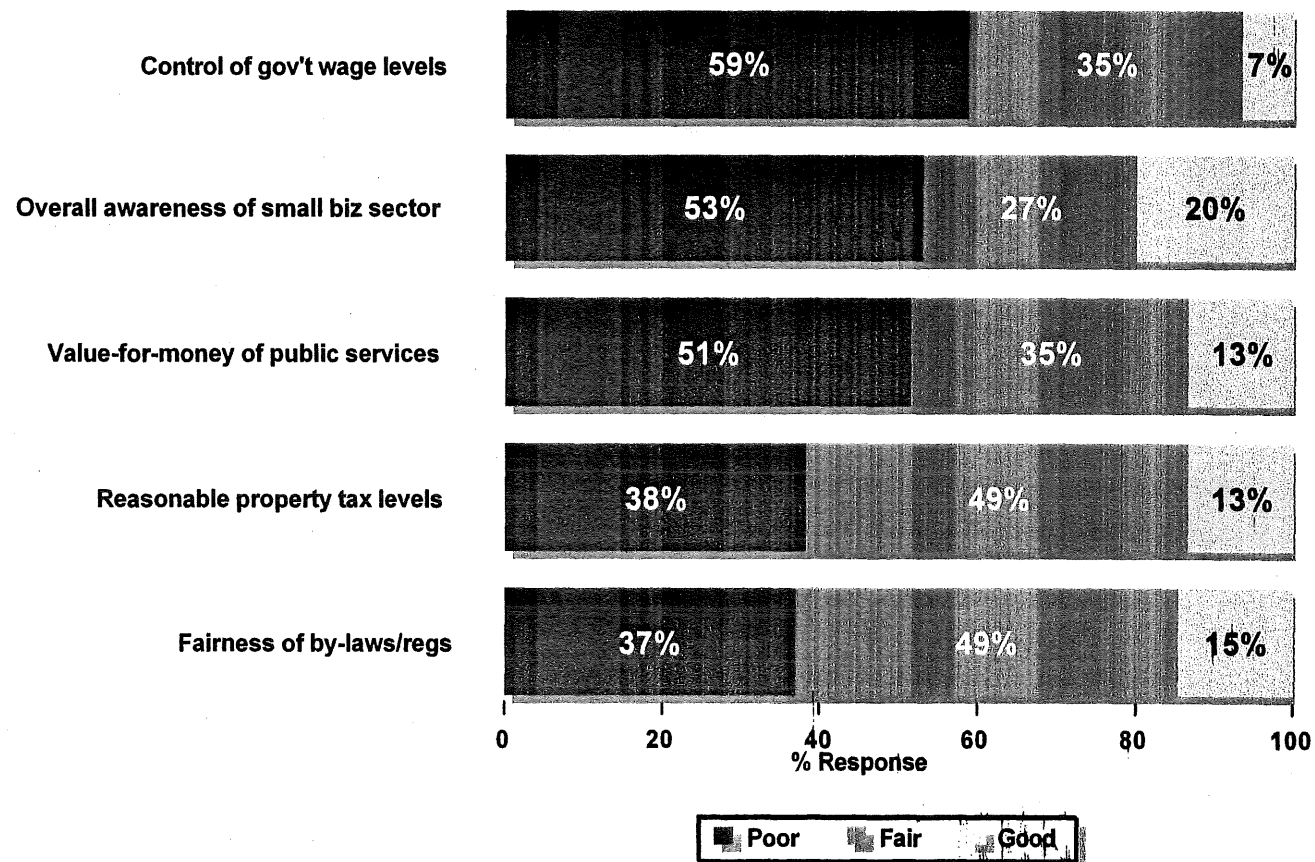
Revenue Sharing

Should local governments receive a portion of federal and provincial gasoline tax revenues to help them pay for infrastructure?



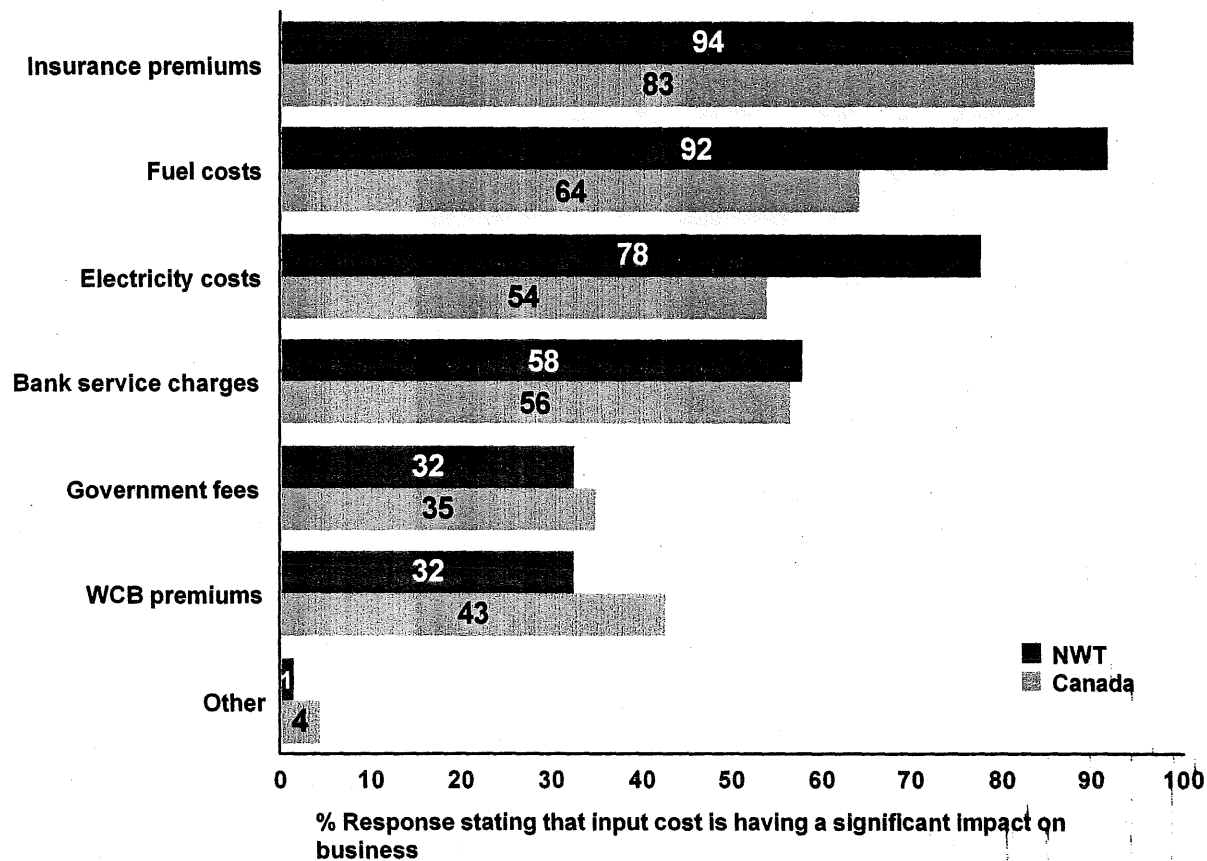
Source: CFIB Mandate 209, March 2003, NWT data results

NWT Small Business Ratings of Local Government



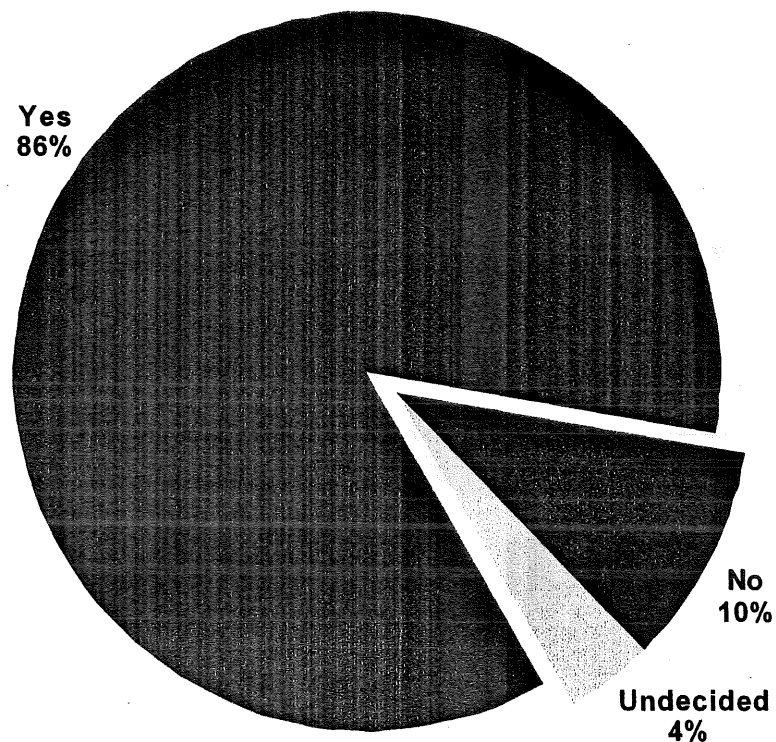
Source: Our Members' Opinion No. 53, December 2003.

Impact of Rising Input Costs



Source: Our Members' Opinion No. 53, December 2003.

Should the federal government hold committee hearings to review rising insurance costs to businesses and consumers?



Source: CFIB Mandate 211, September 2003, NWT data results