

May 19, 2023

Hon. Cliff Cullen, Minister Responsible for Manitoba Hydro
103 Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Subject: CFIB urges the Manitoba government to cancel plans to hike Manitoba Hydro rates

Dear Minister Cullen:

On behalf of the Canadian Federation of Independent Business (CFIB) and our over 4,000 small business members in Manitoba, we are writing to urge the Manitoba government to cancel its plans to hike Manitoba Hydro rates by up to 4.2% for businesses (4.8% for residential customers) over the next year. We are also calling on your government to re-examine Bill 36.

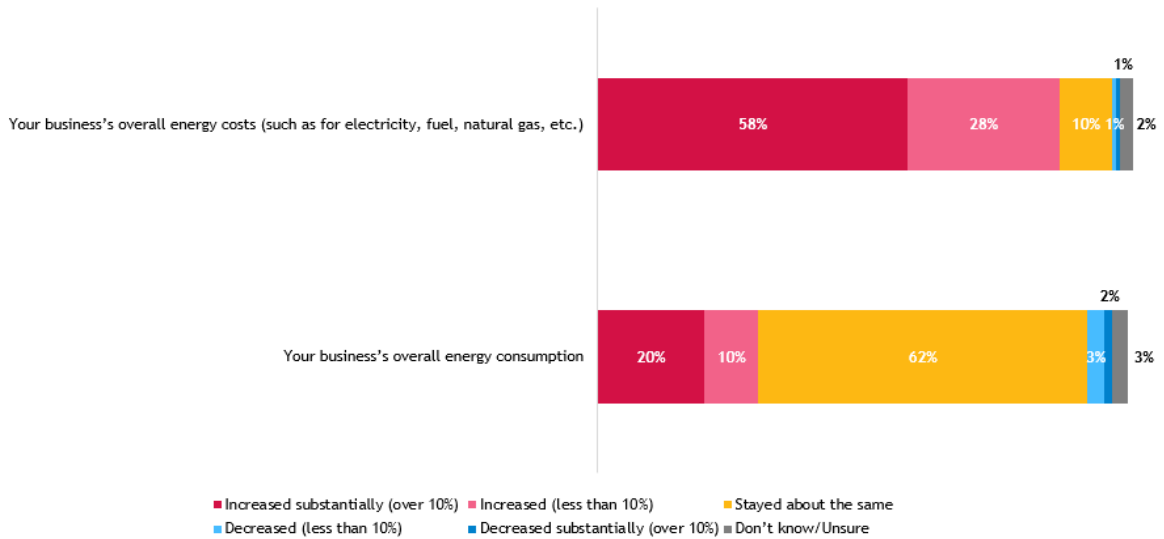
According to CFIB's latest [Small Business Recovery Dashboard](#), nearly half of small businesses in Manitoba are still below their normal (pre-pandemic) revenues. With 49% still carrying pandemic-related debt averaging over \$80,000, it's no surprise an alarming 20% are considering closing their doors.

In addition to decreased revenues and mounting debt, this Hydro rate increase comes at a time when small businesses are also facing skyrocketing inflation, higher labour, rent and insurance costs and increased government costs such as the Canada Pension Plan (CPP), the carbon tax and Employment Insurance (EI) premiums. Small business owners simply cannot afford to take on any additional cost burdens at this time.

Over the past 12 months, our members have consistently identified [fuel and energy costs](#) as some of the top cost constraints preventing their businesses from growing. According to CFIB survey data from January 2023, 86% of Manitoba small businesses have seen their energy costs increase despite their energy consumption staying about the same or decreasing (see Figure 1).

Figure 1

Please indicate how the following have changed in your business in the past 12 months. (Select one for each line)



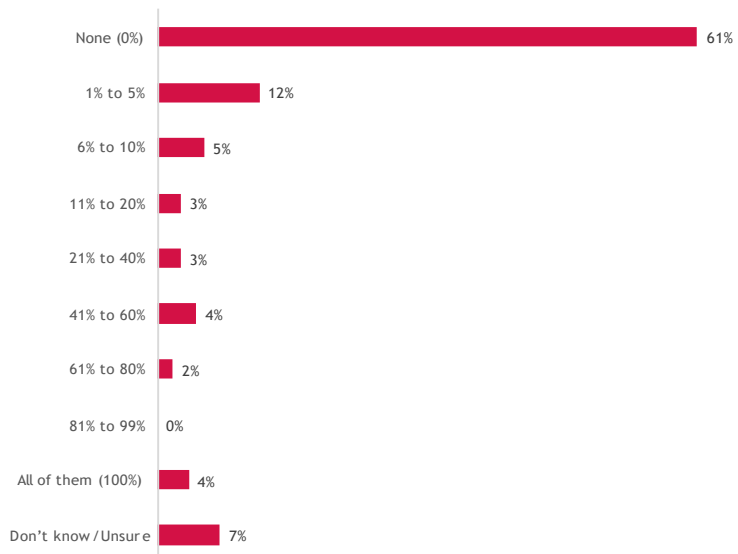
Source: CFIB, Your Voice Survey - January 18-31, 2023, Final Results.



This is even more concerning, given that nearly two-thirds (61%) of Manitoba small businesses indicate they cannot pass these increased energy costs onto their customers (see Figure 2). Businesses are simply forced to absorb these costs, further eroding their bottom lines.

Figure 2

How much of your business's increased energy costs are you able to pass on to your customers? (Select one)



Source: CFIB, Your Voice Survey - January 18-31, 2023, Final Results.



Higher electricity costs mean small businesses will have fewer resources to create jobs, invest in their businesses and contribute to the provincial economy. While we recognize that Manitoba has some of the lowest power rates in the country, the timing of this rate increase could not be worse considering all the obstacles small businesses are currently facing. Therefore, CFIB is calling on the provincial government to help mitigate the impact of economic pressures on small firms by freezing Manitoba Hydro rates until more businesses have had the chance to recover.

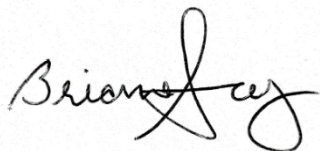
Furthermore, CFIB asks that the provincial government acknowledge the troubled sentiment felt by small business owners concerning Bill 36, *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act*.

Though Bill 36 requires Hydro to cap their increases at 5% or the rate of inflation, this bill still draws serious concern from our members as it limits the ability of the Public Utilities Board (PUB) to rightfully review rate increases by restricting their authority and independence.

Not only will this bill allow Manitoba Hydro to raise electricity rates (potentially beyond its needs), but it may harm Manitoba's ability to attract investment as the energy rate setting process may lose independence and predictability. As part of their investment decisions, investors and businesses are always looking for certainty and cost competitiveness, and energy costs are certainly one of the things considered. Therefore, CFIB is calling on your government to re-evaluate Bill 36 and its necessity.

Thank you for considering the concerns of Manitoba small business owners. It is our hope that the Manitoba government will limit Hydro rate increases, and instead emphasize the need for Manitoba Hydro to continue reducing its costs.

Sincerely,

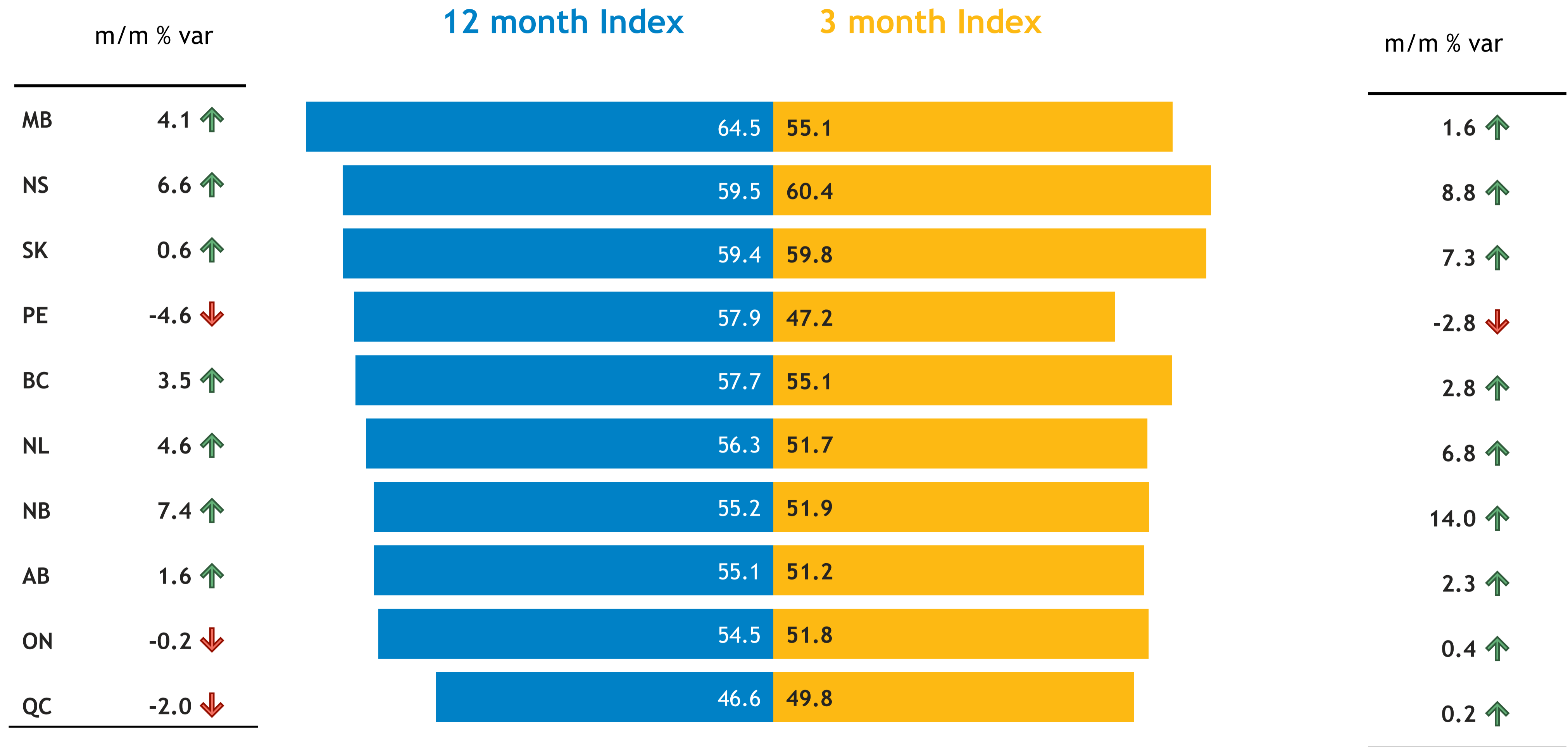


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Business Barometer®: Small business confidence index, provinces



Survey questions:

How do you expect your firm to be performing in **12 months** compared to now?

Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

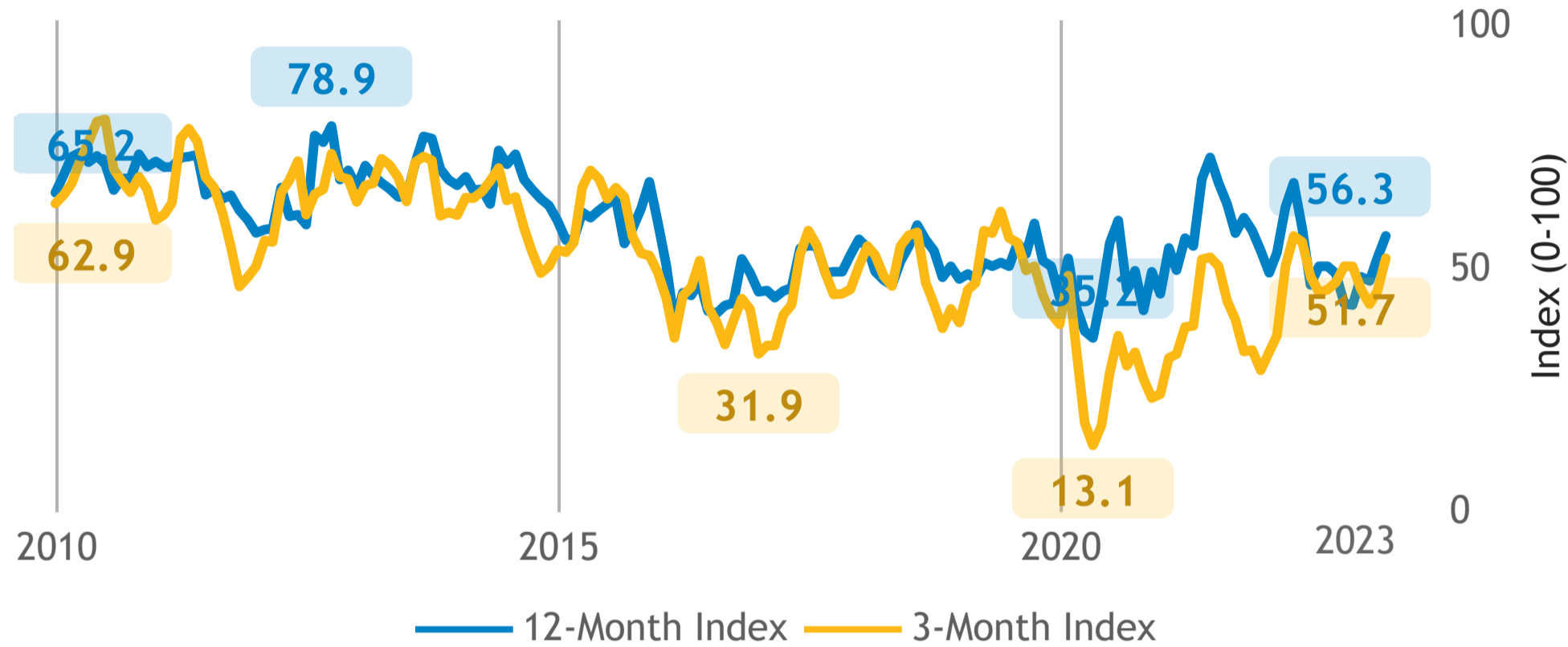
Newfoundland and Labrador



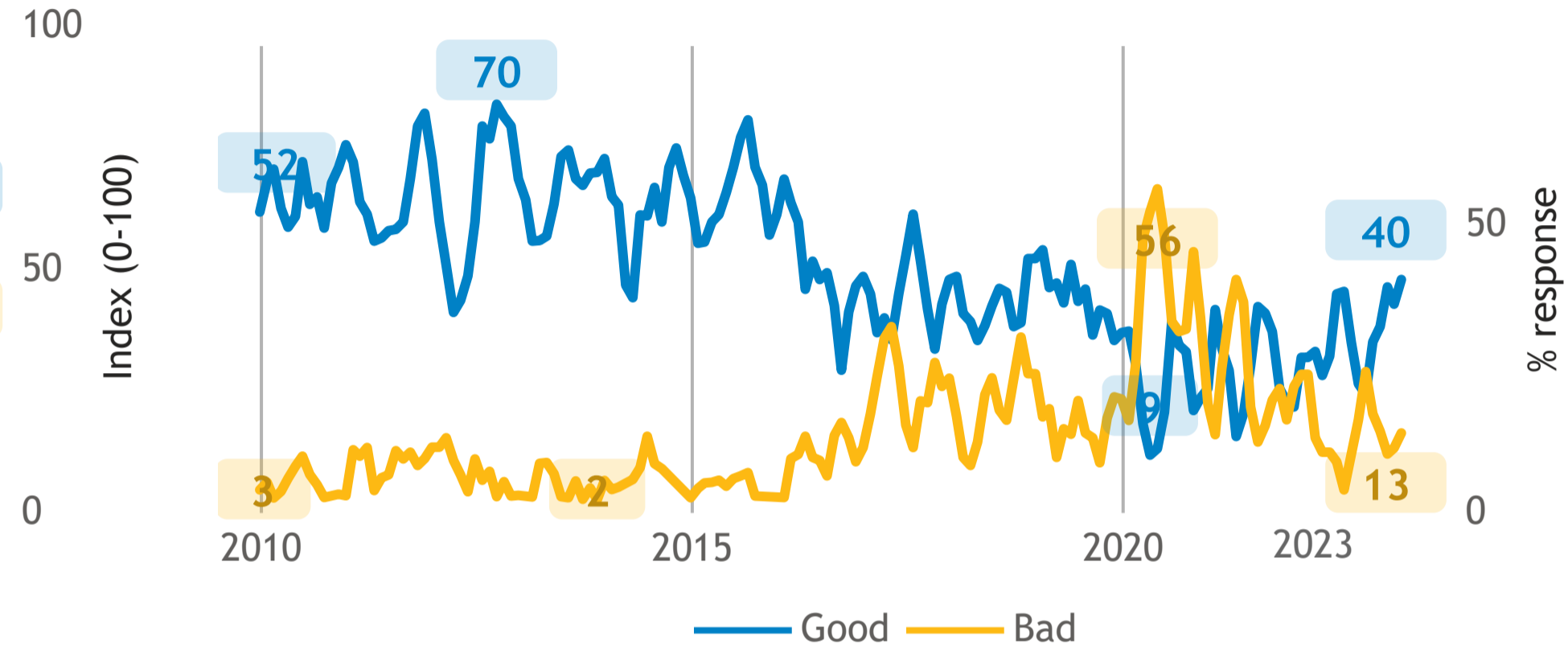
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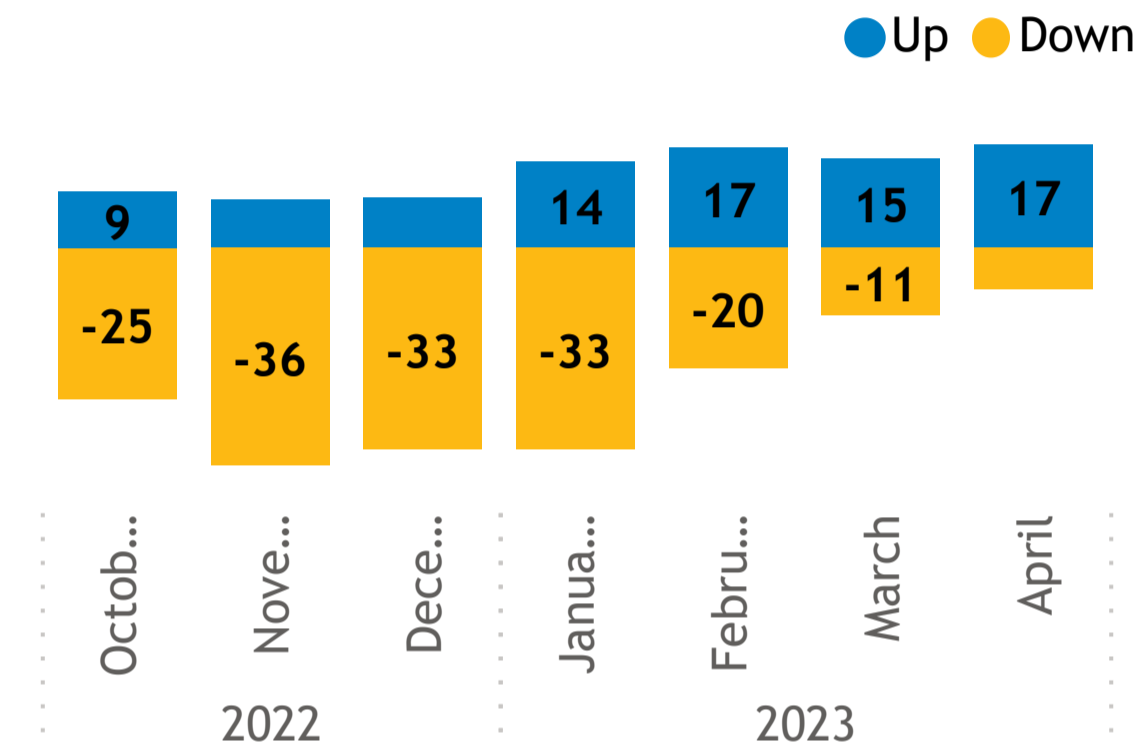
12-Month and 3-Month Index



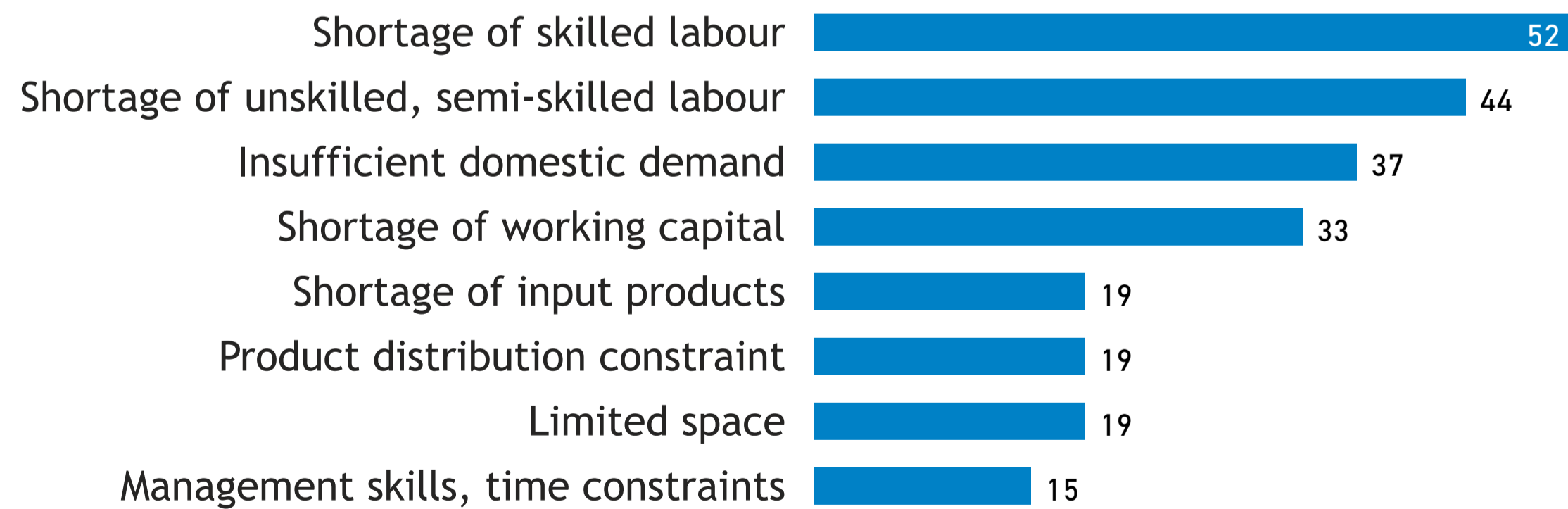
General State of Business Health



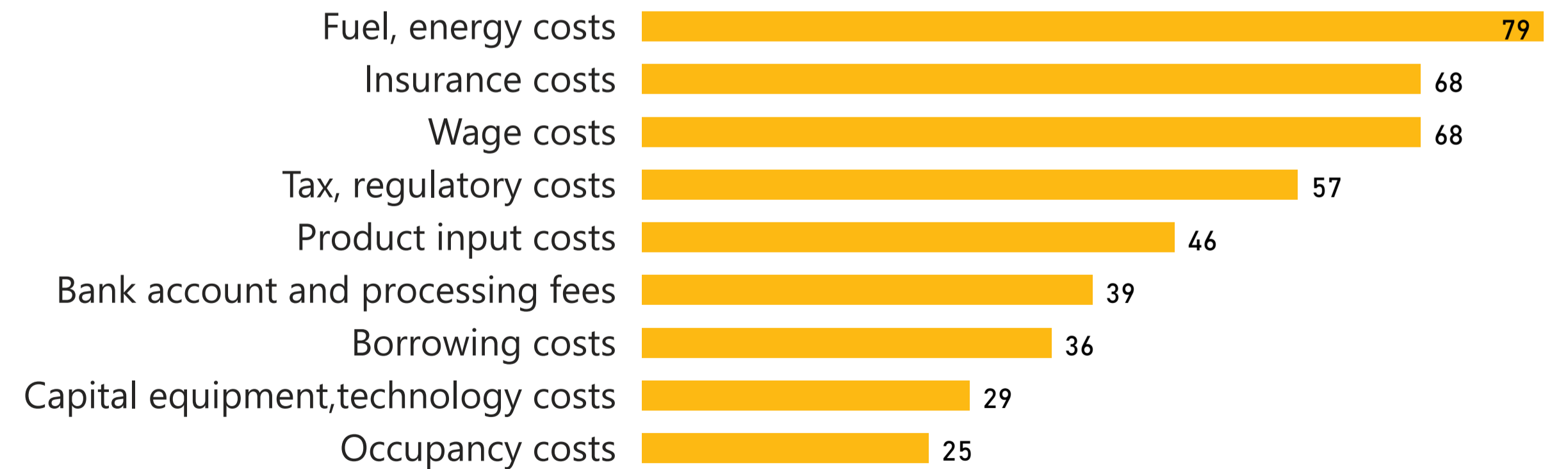
Full-time Staffing Plans



Limitations on sales or production growth

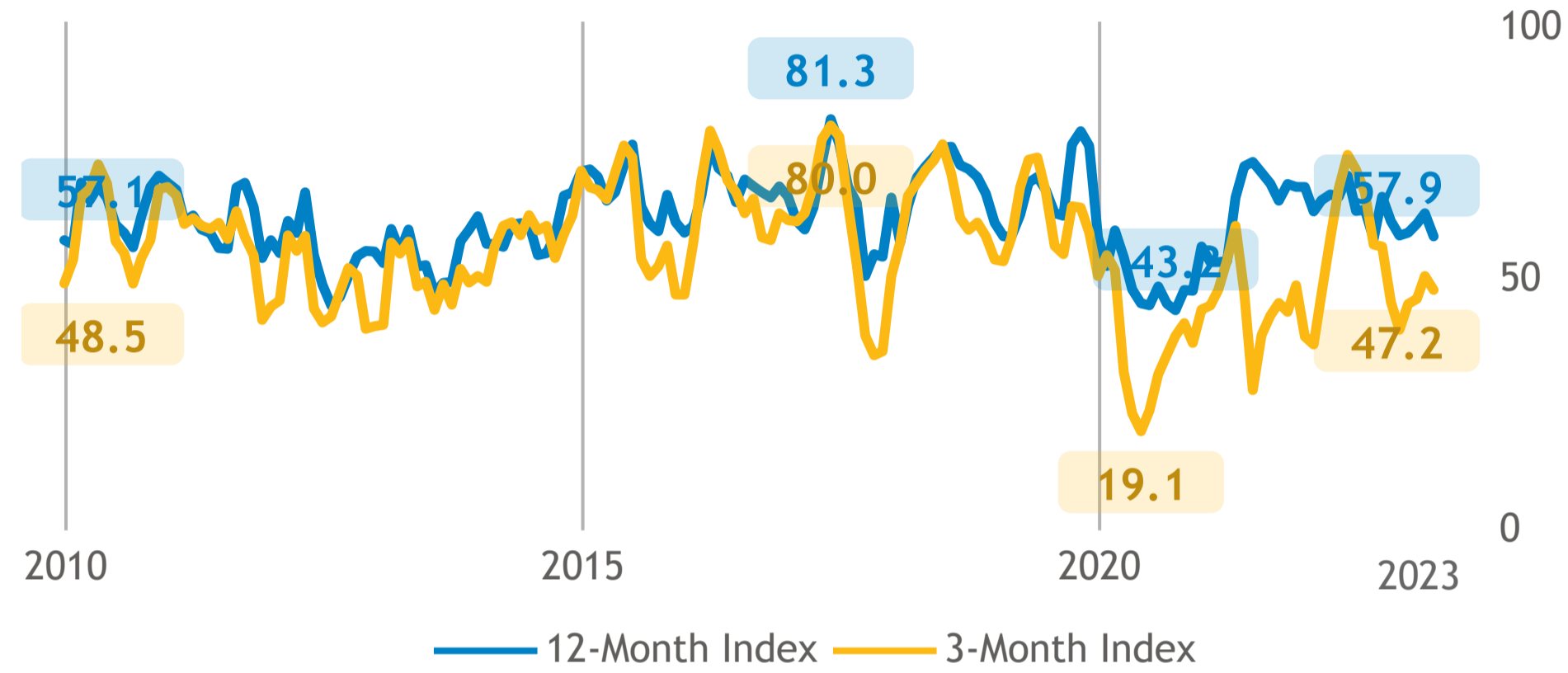


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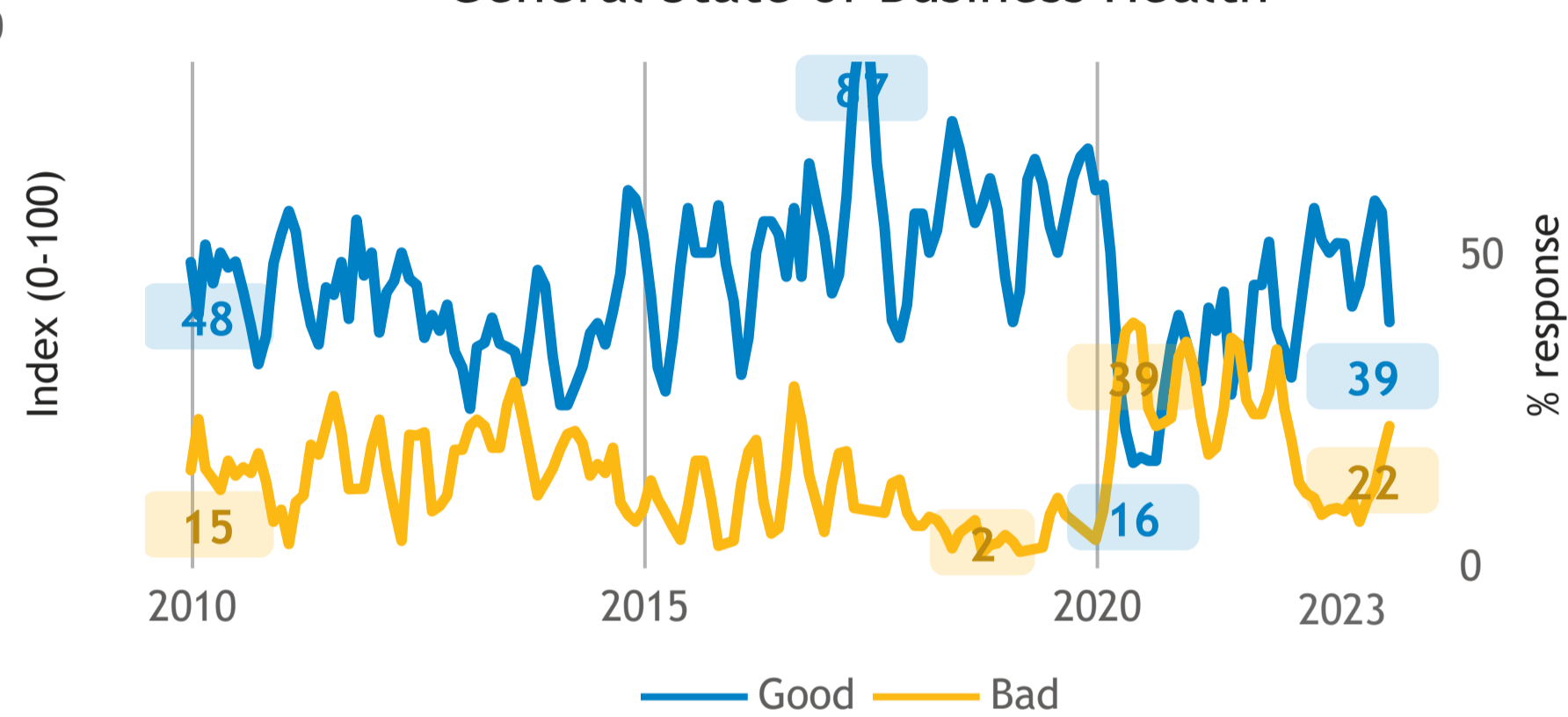


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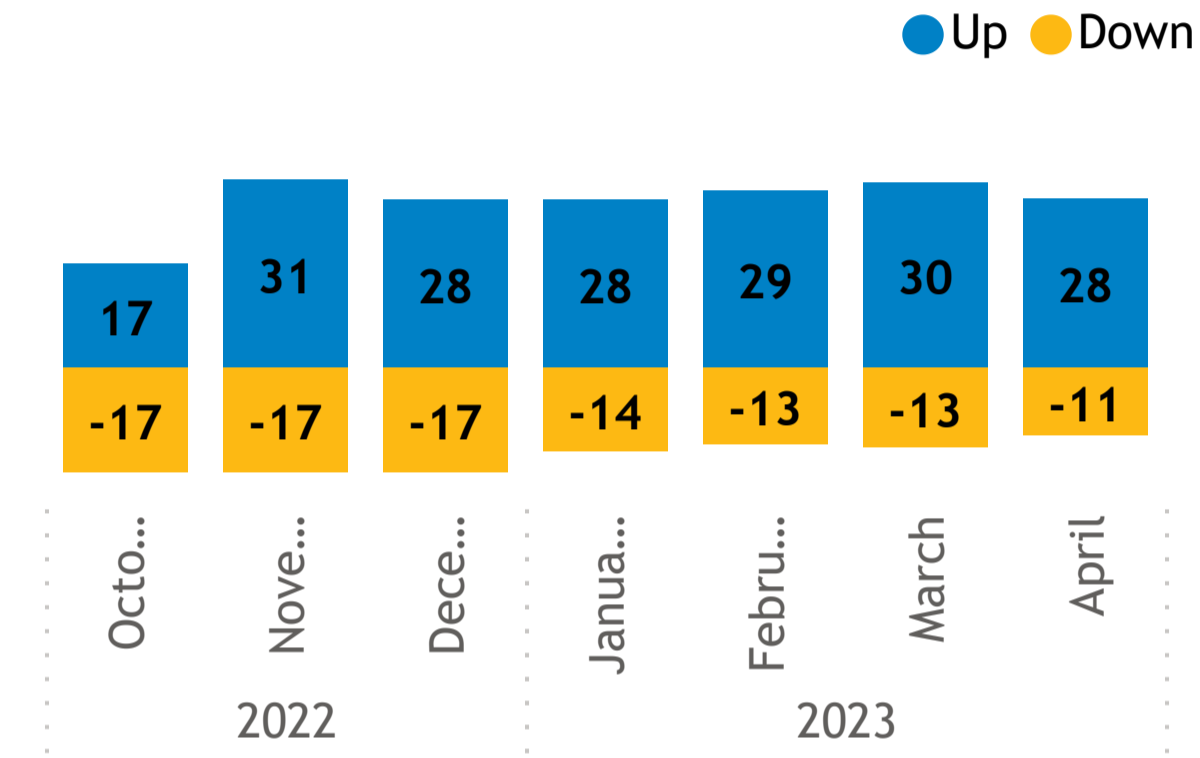
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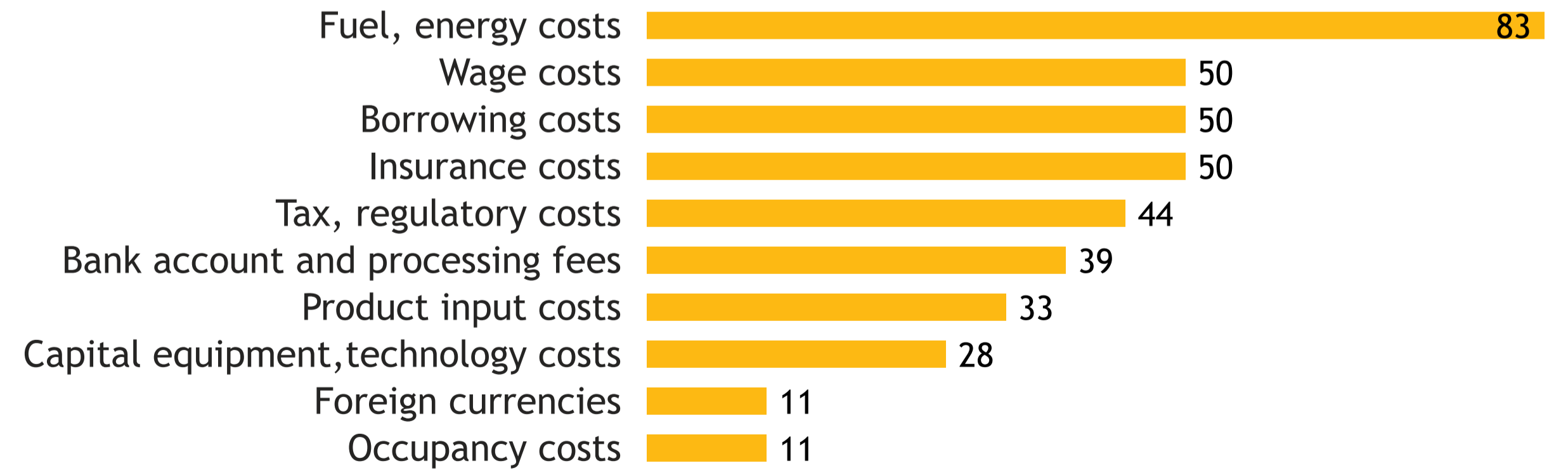
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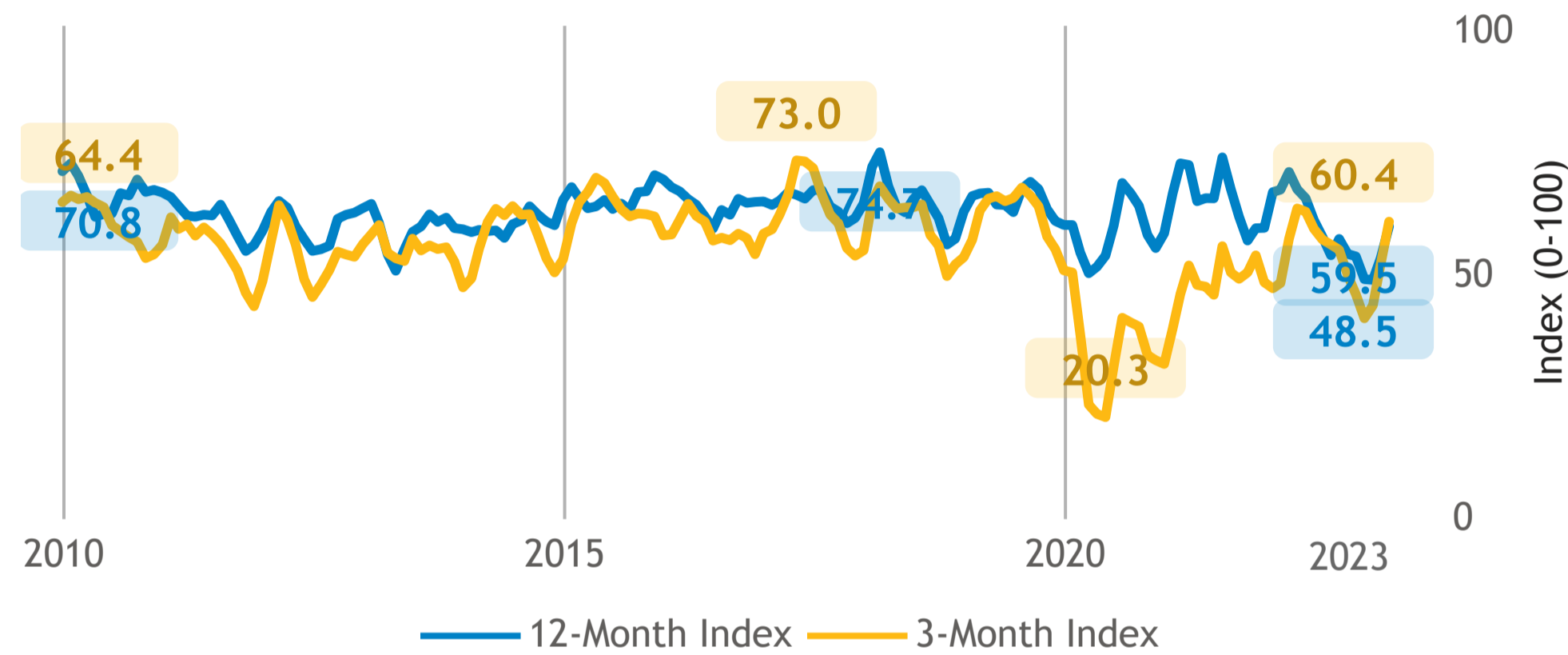


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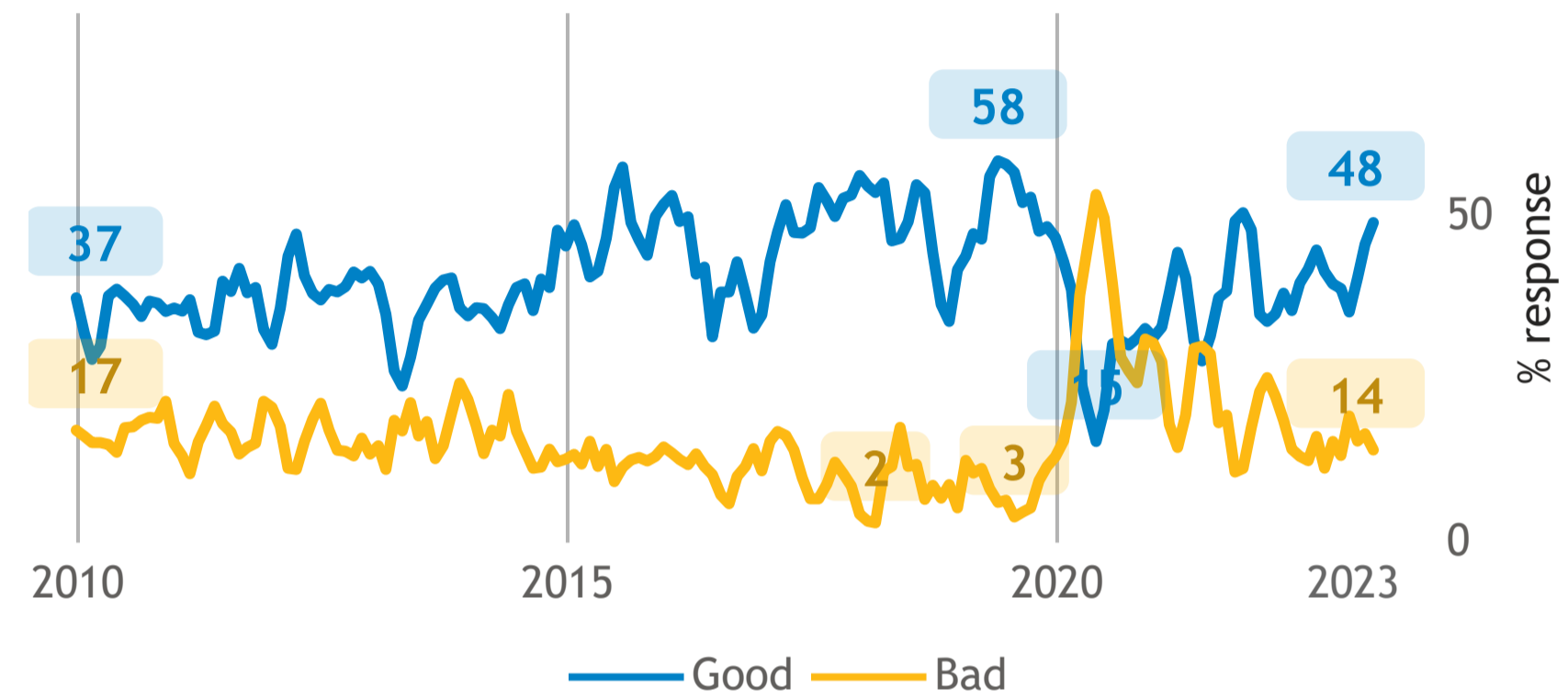


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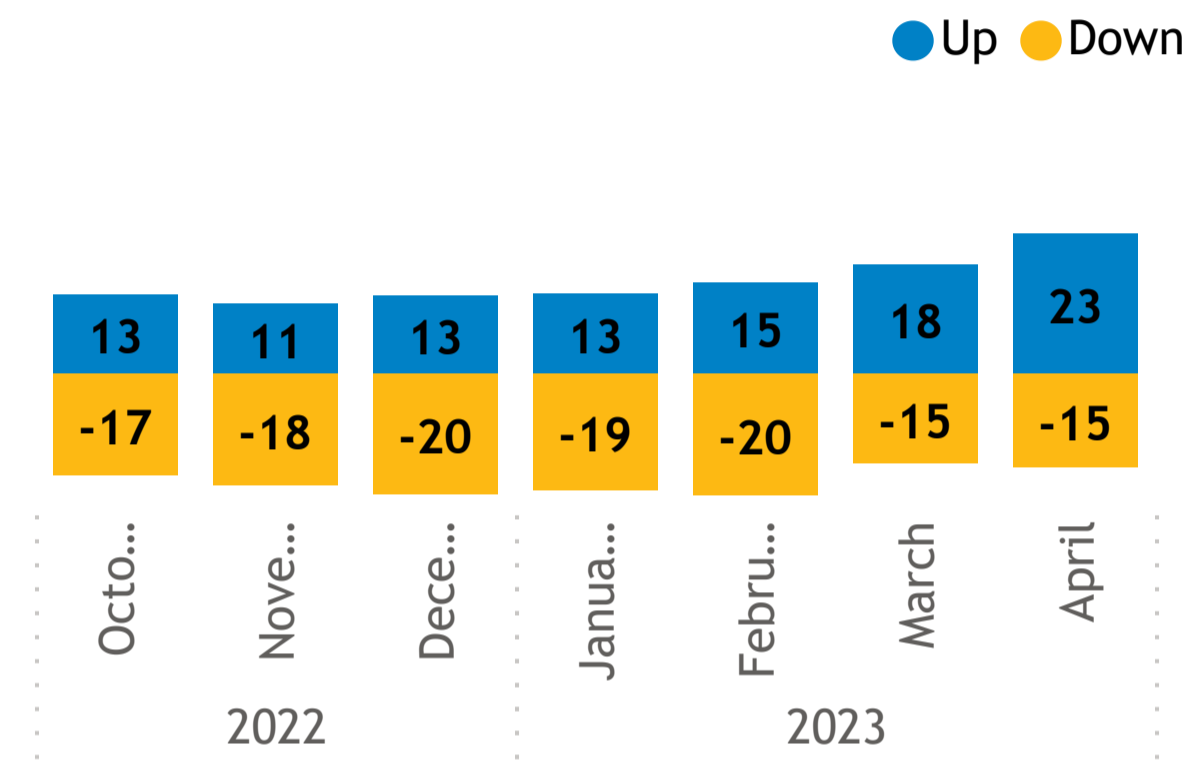
12-Month and 3-Month Index



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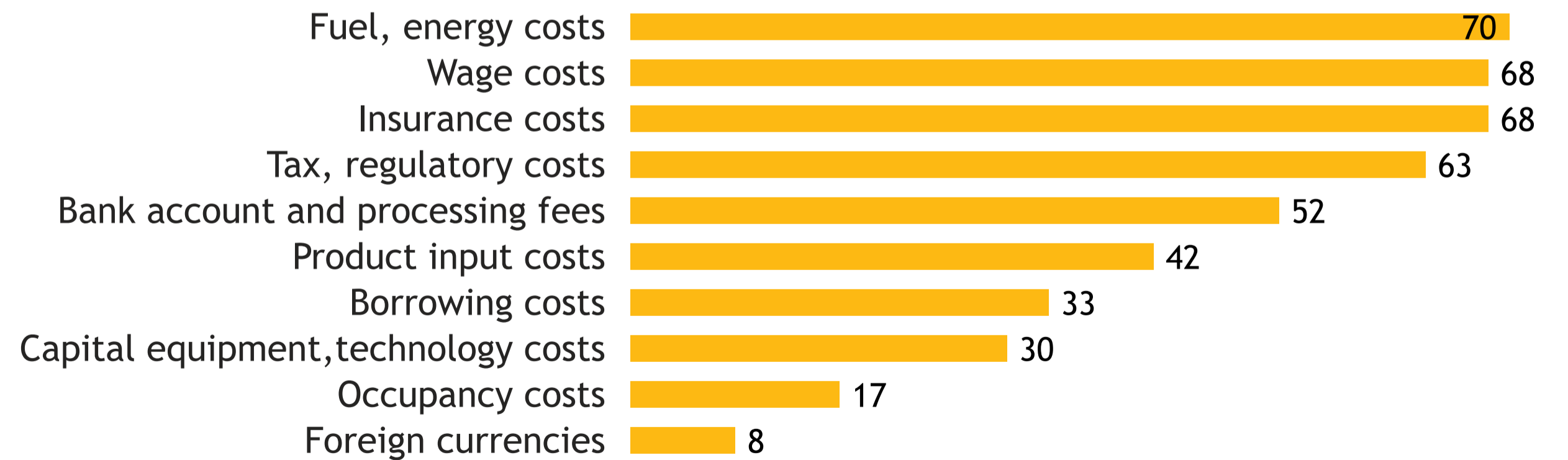
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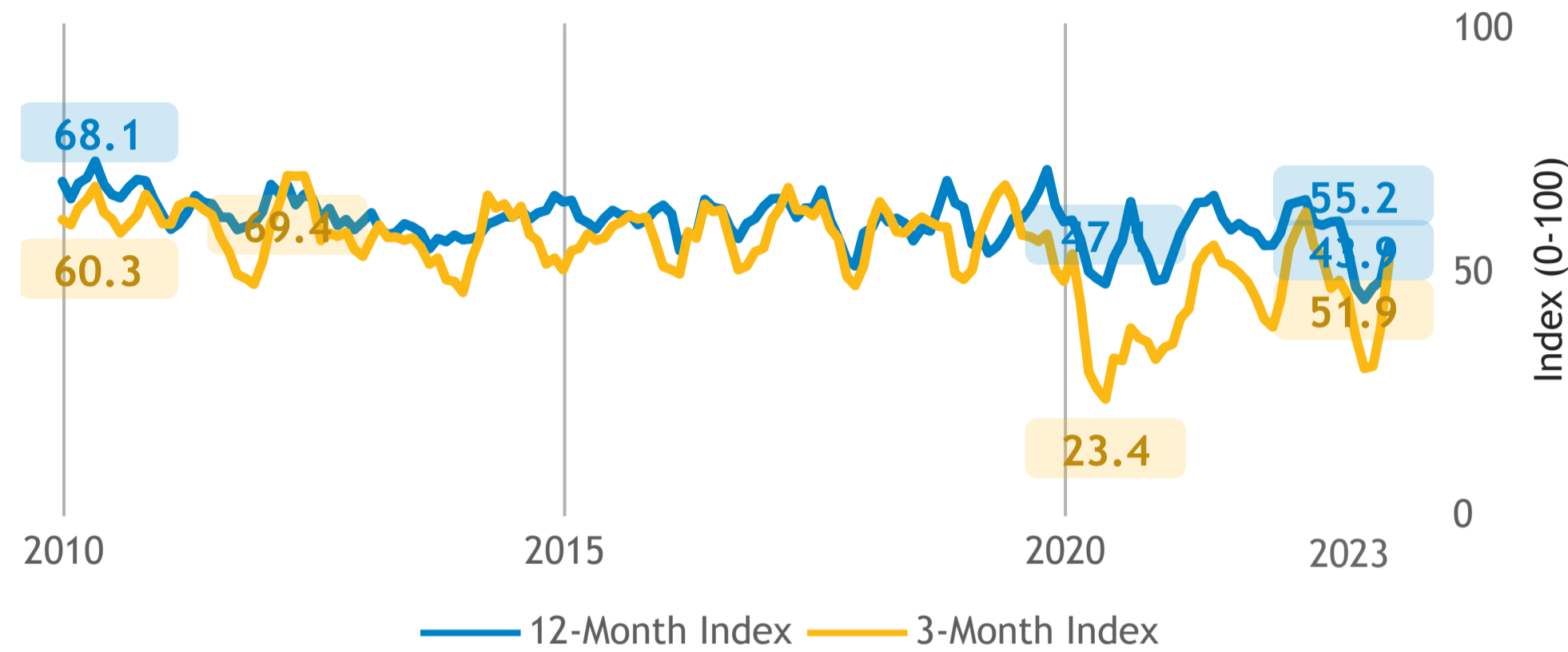


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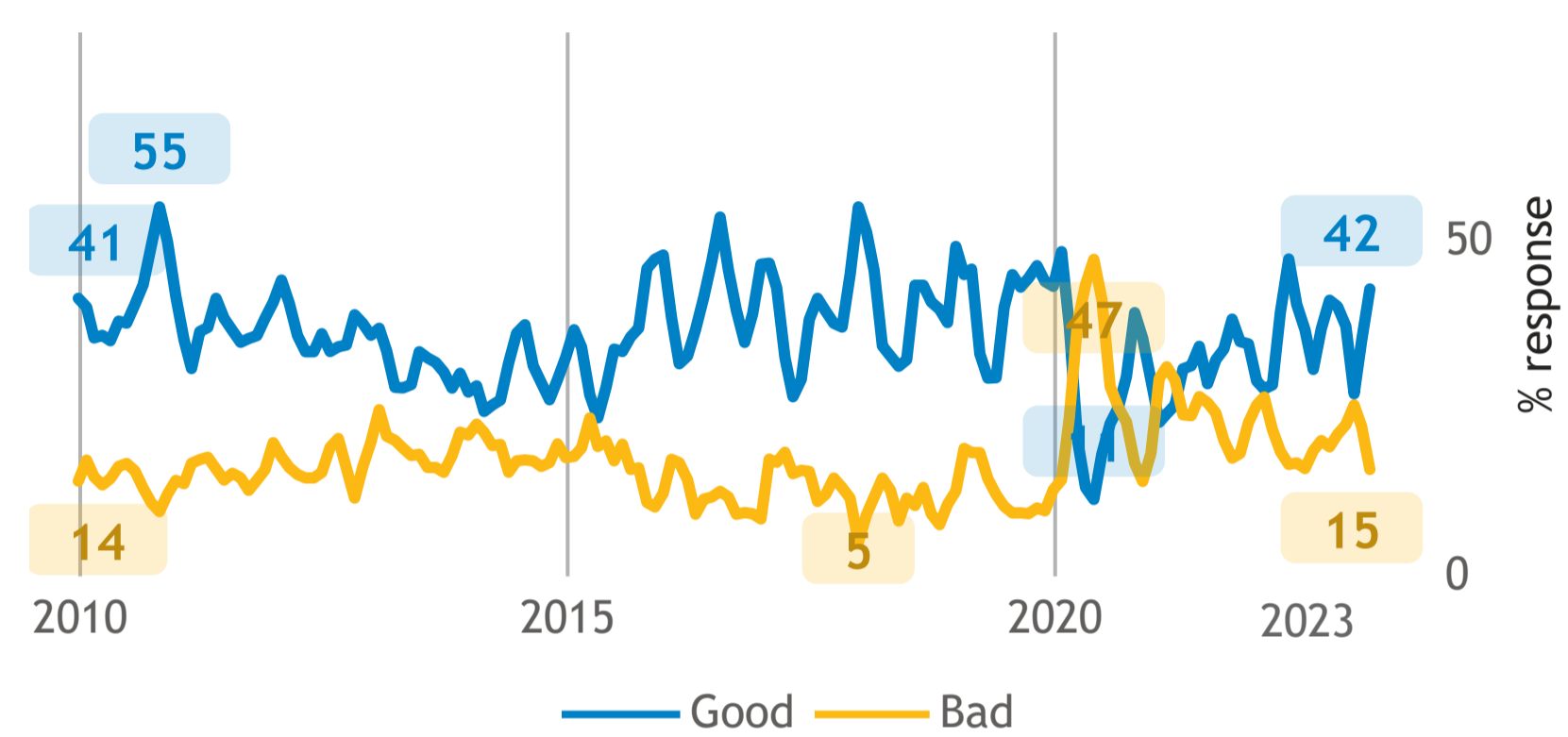


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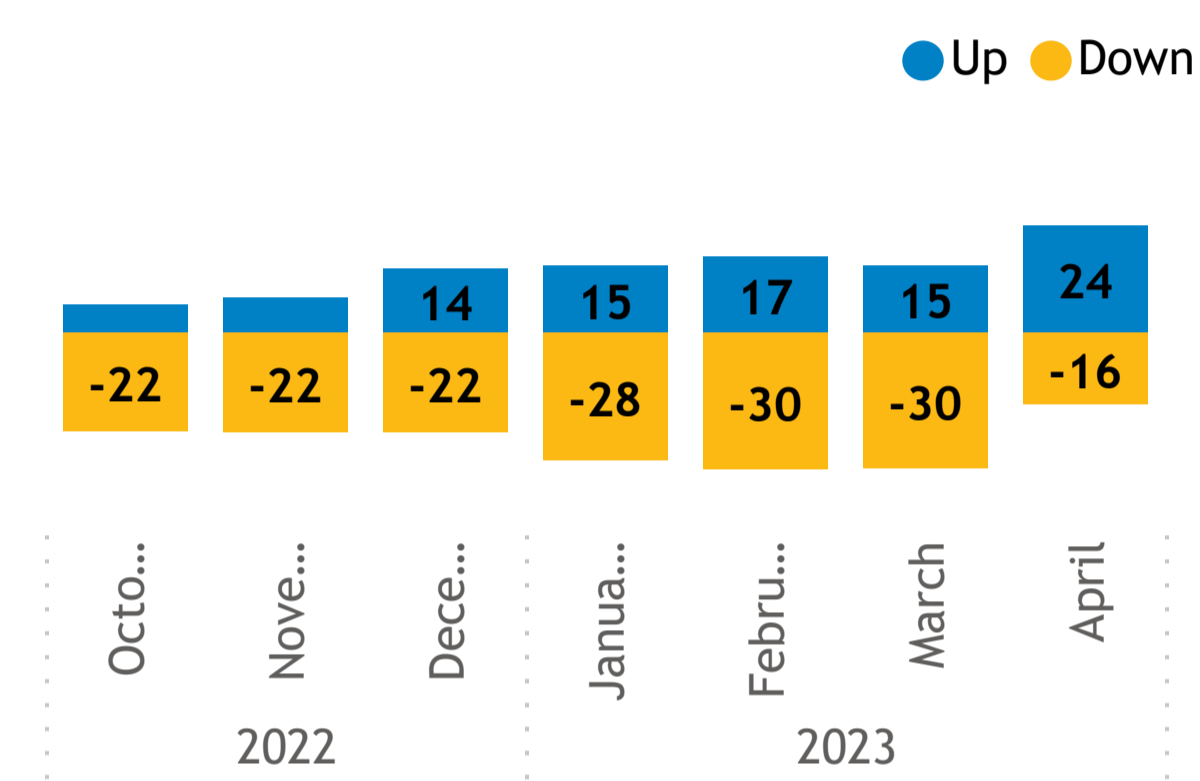
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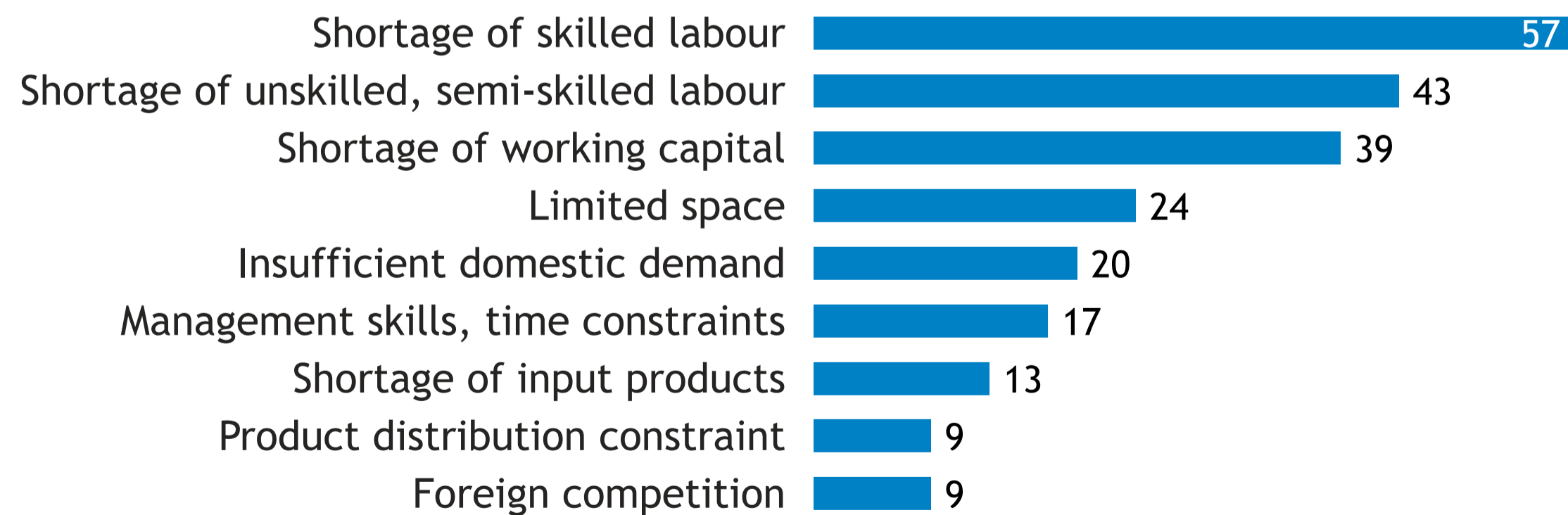
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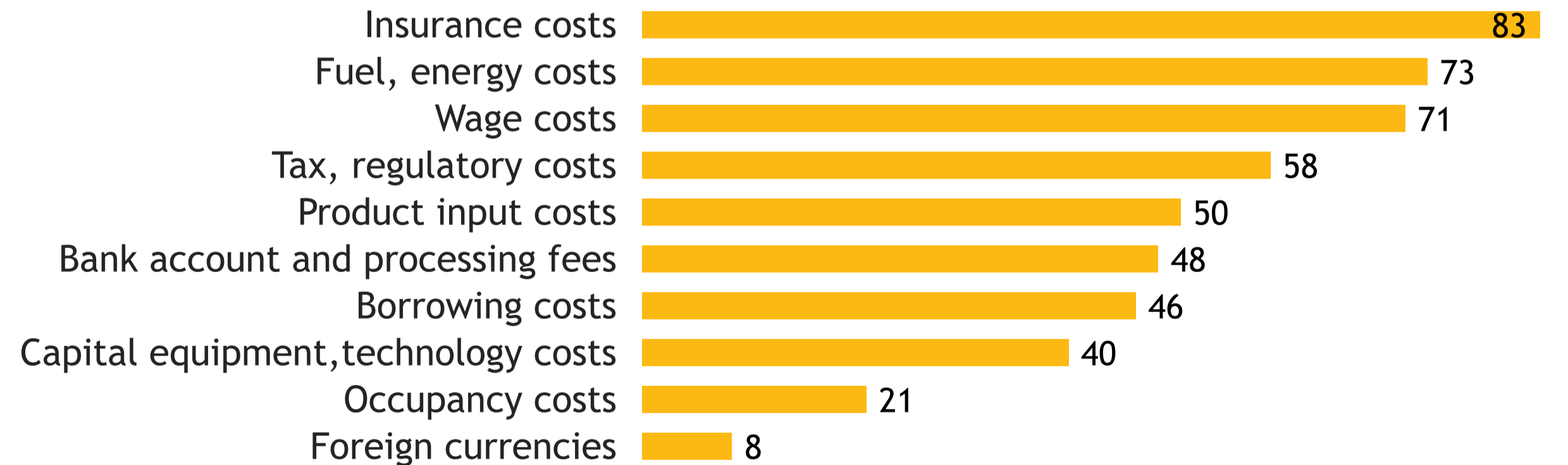
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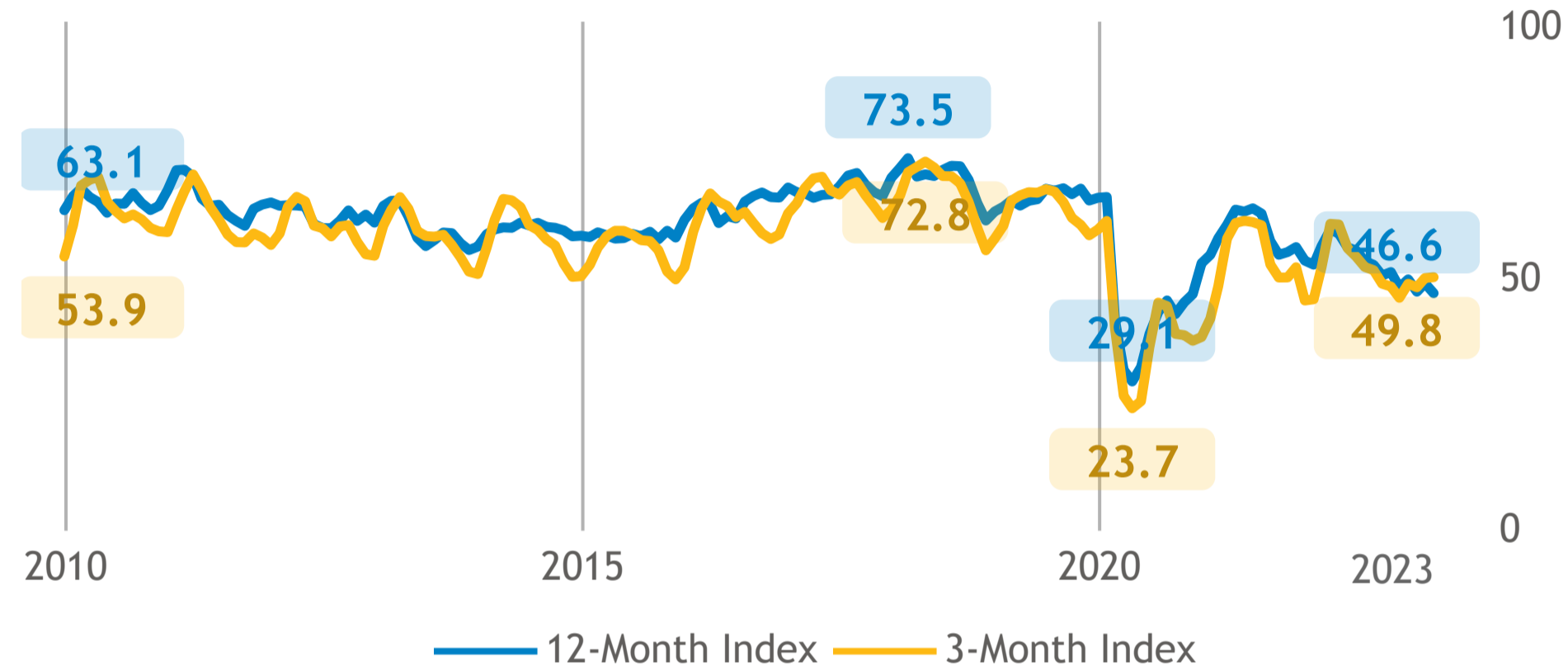
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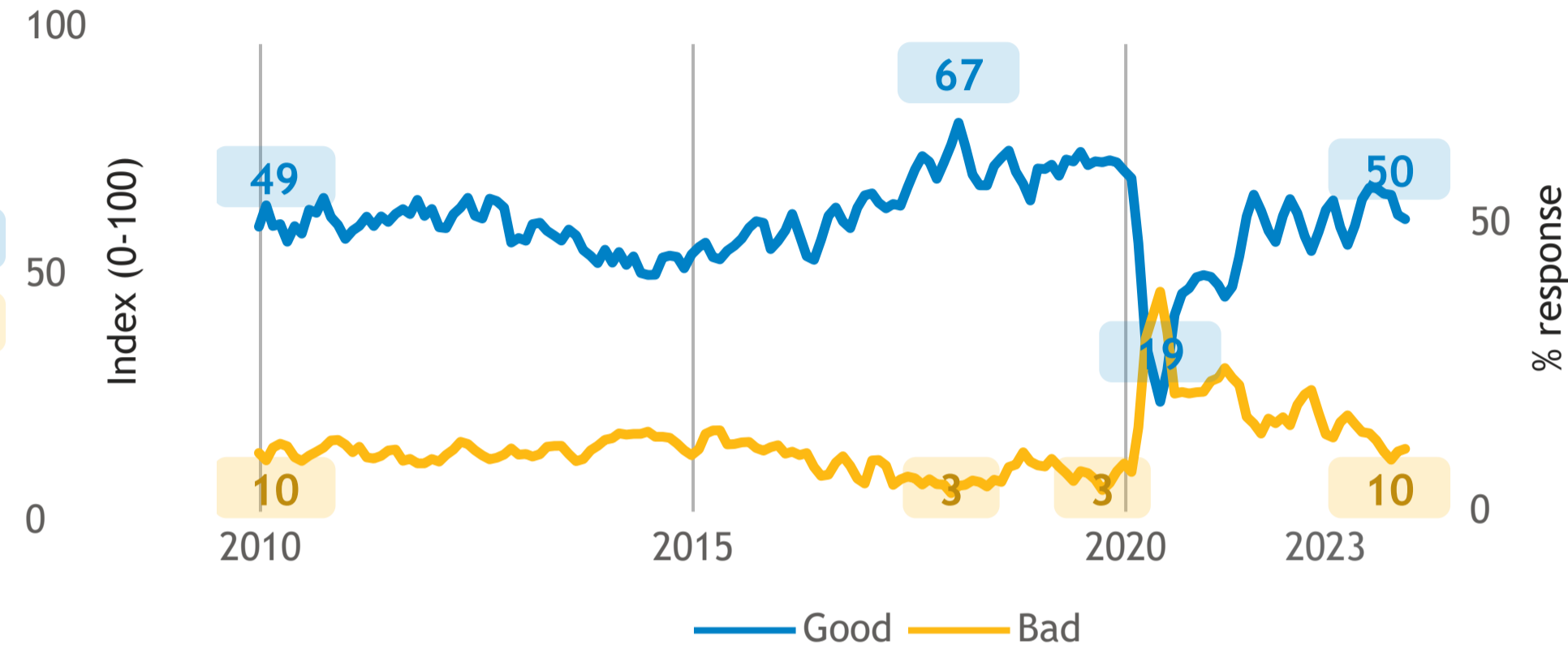
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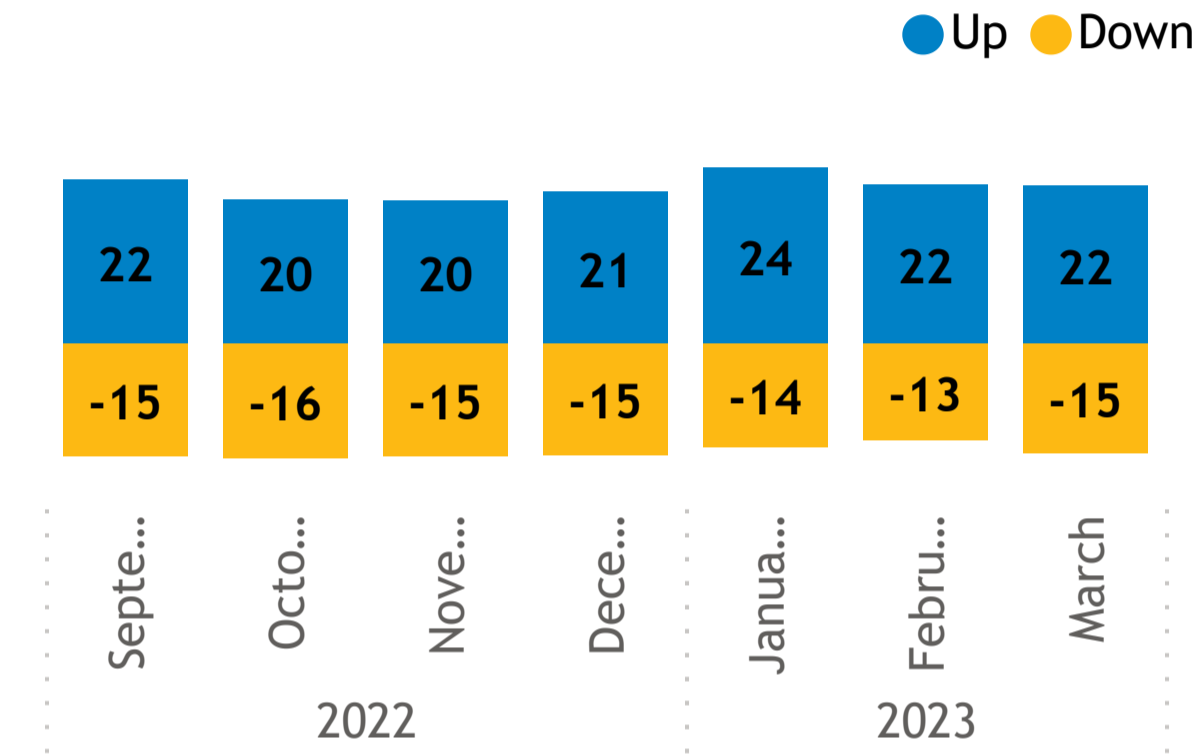
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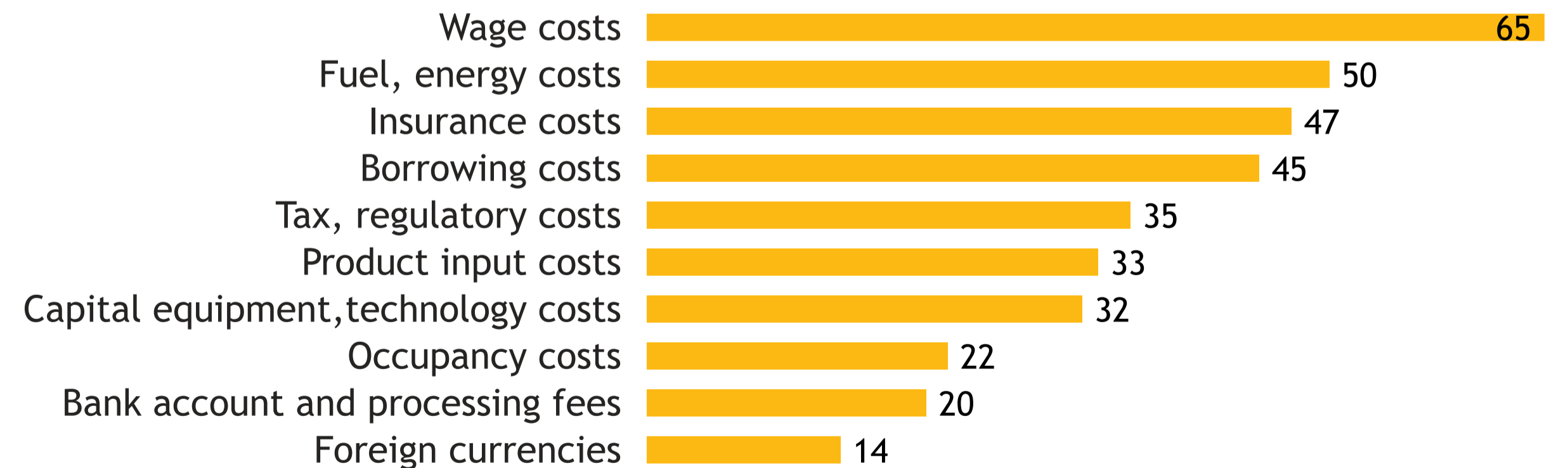
Full-time Staffing Plans



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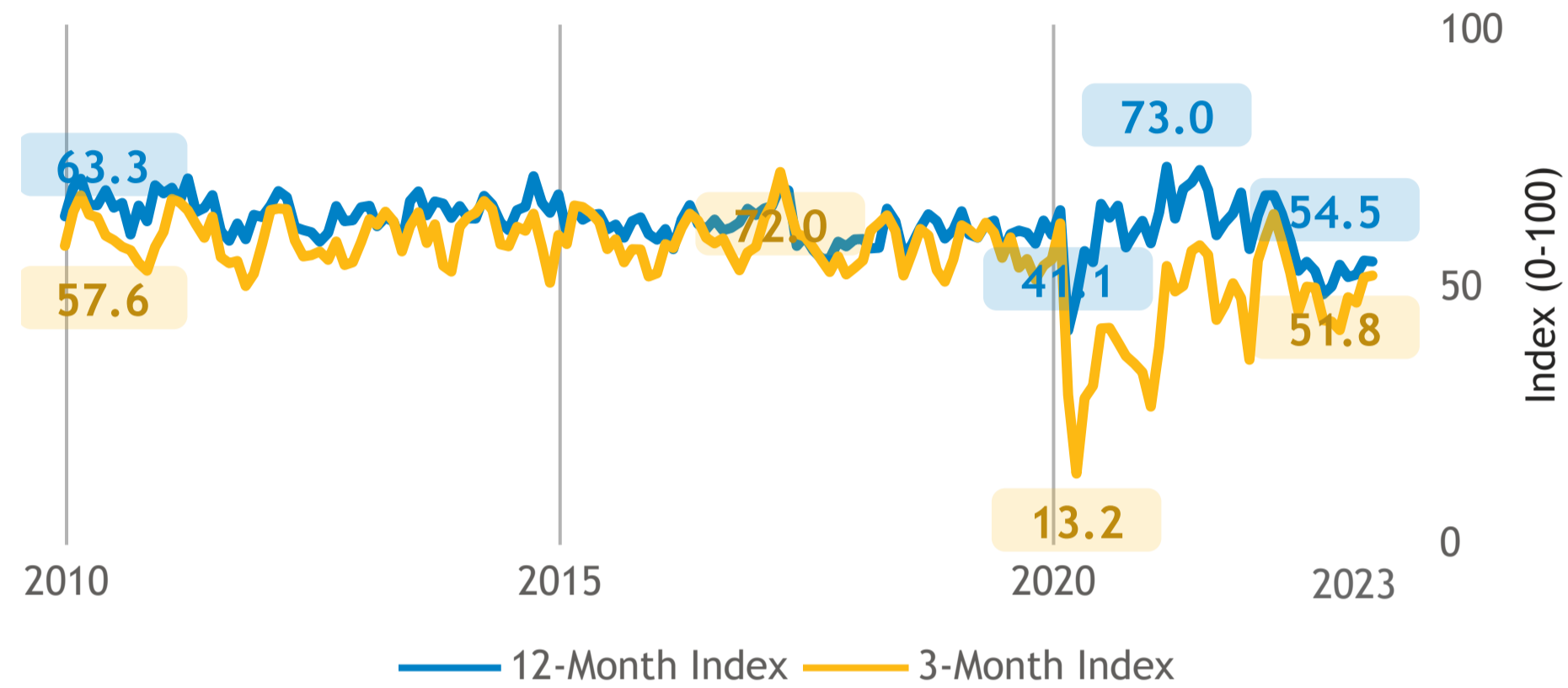


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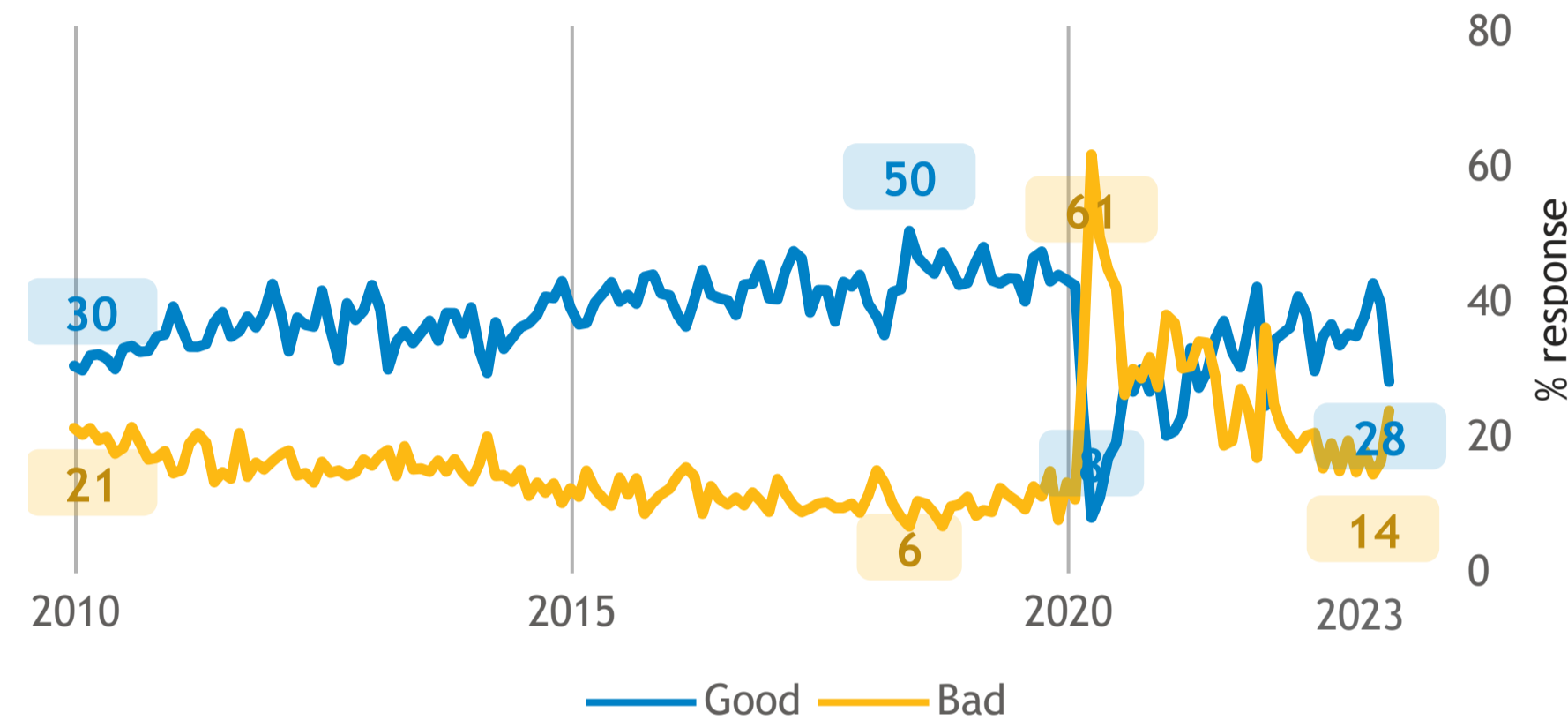


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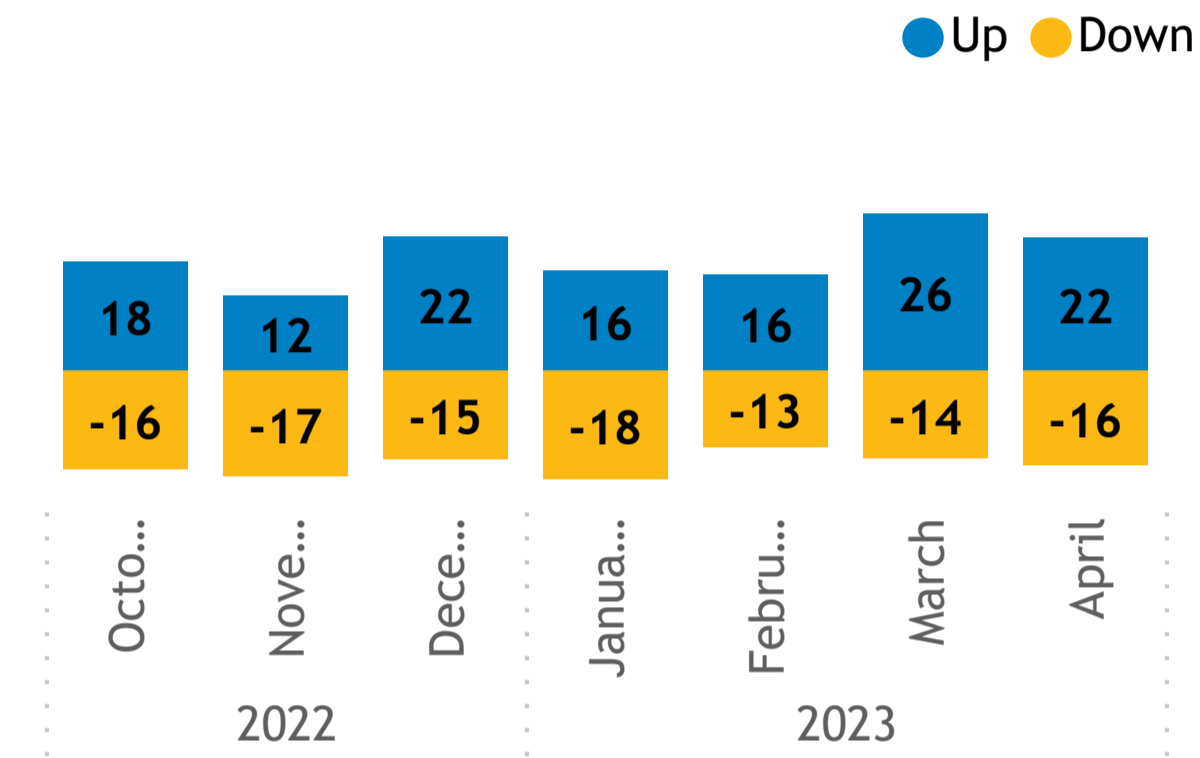
12-Month and 3-Month Index



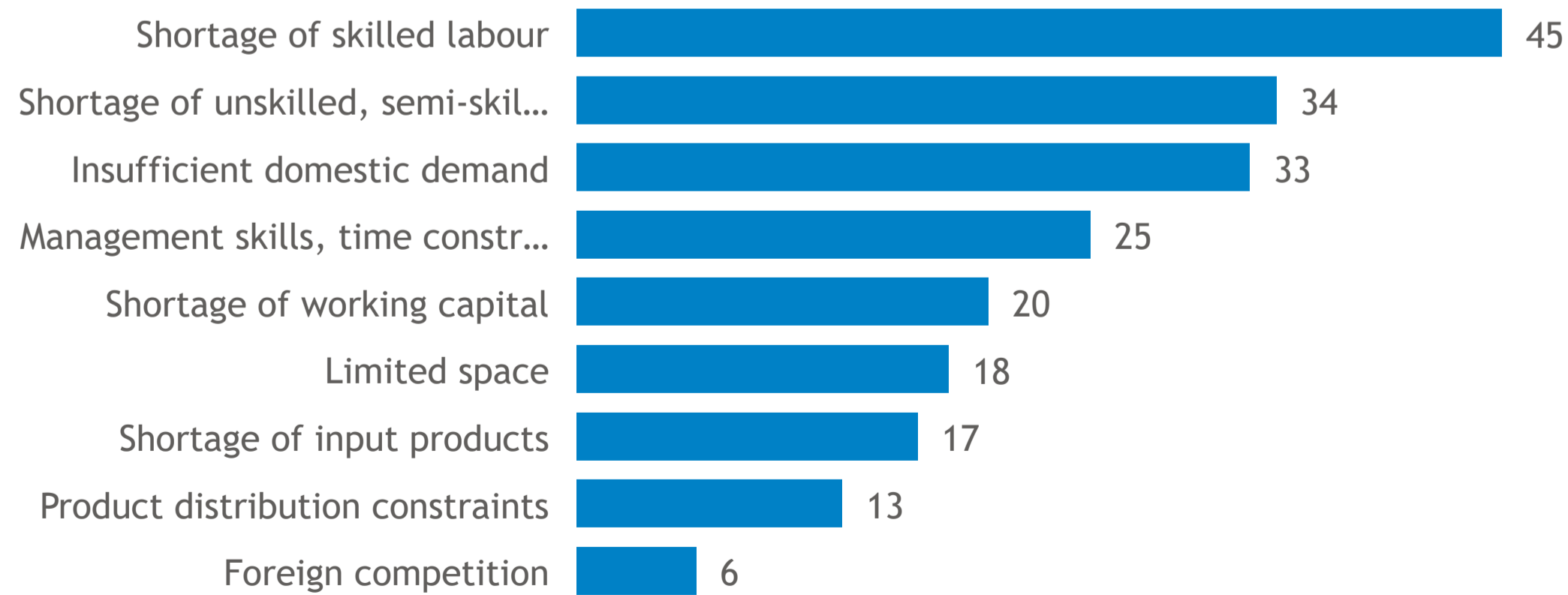
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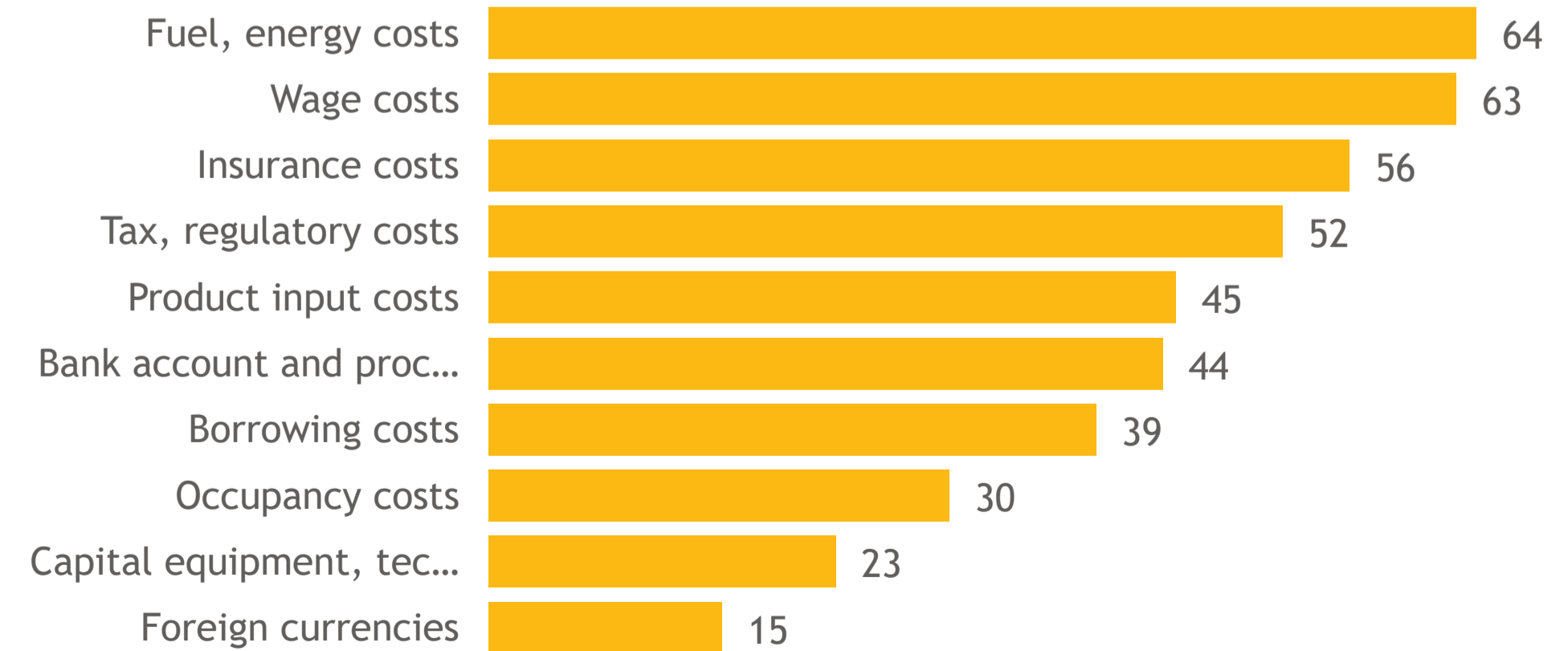
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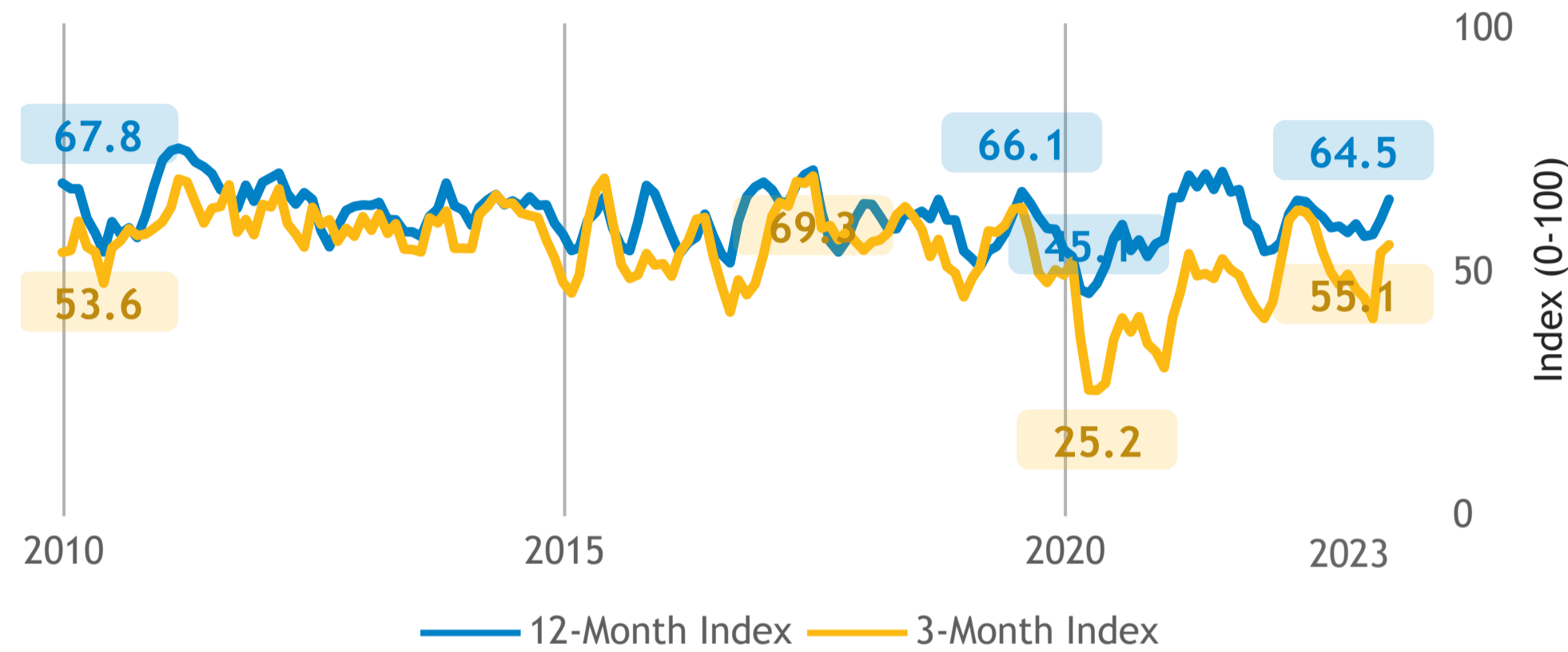
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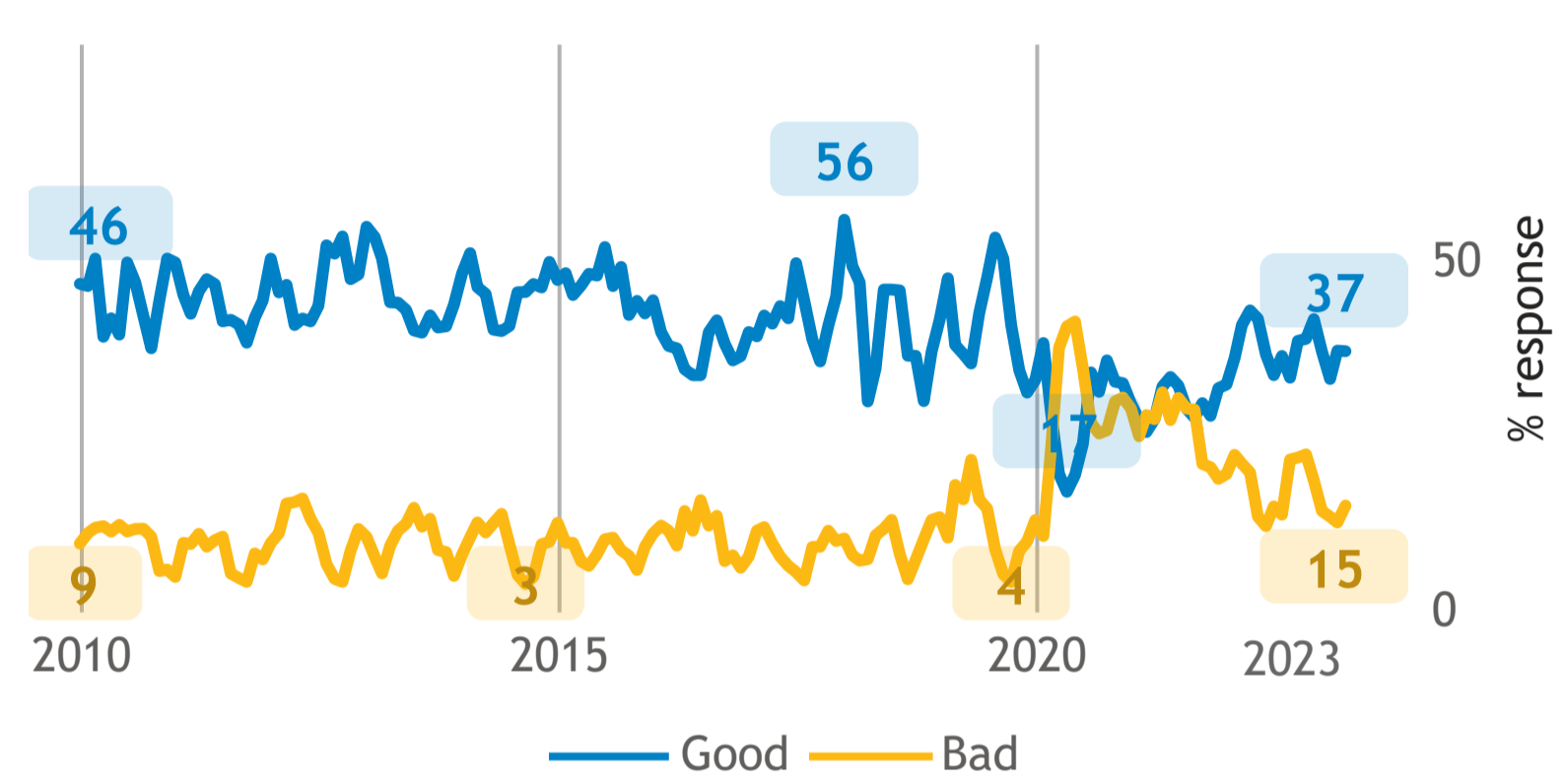
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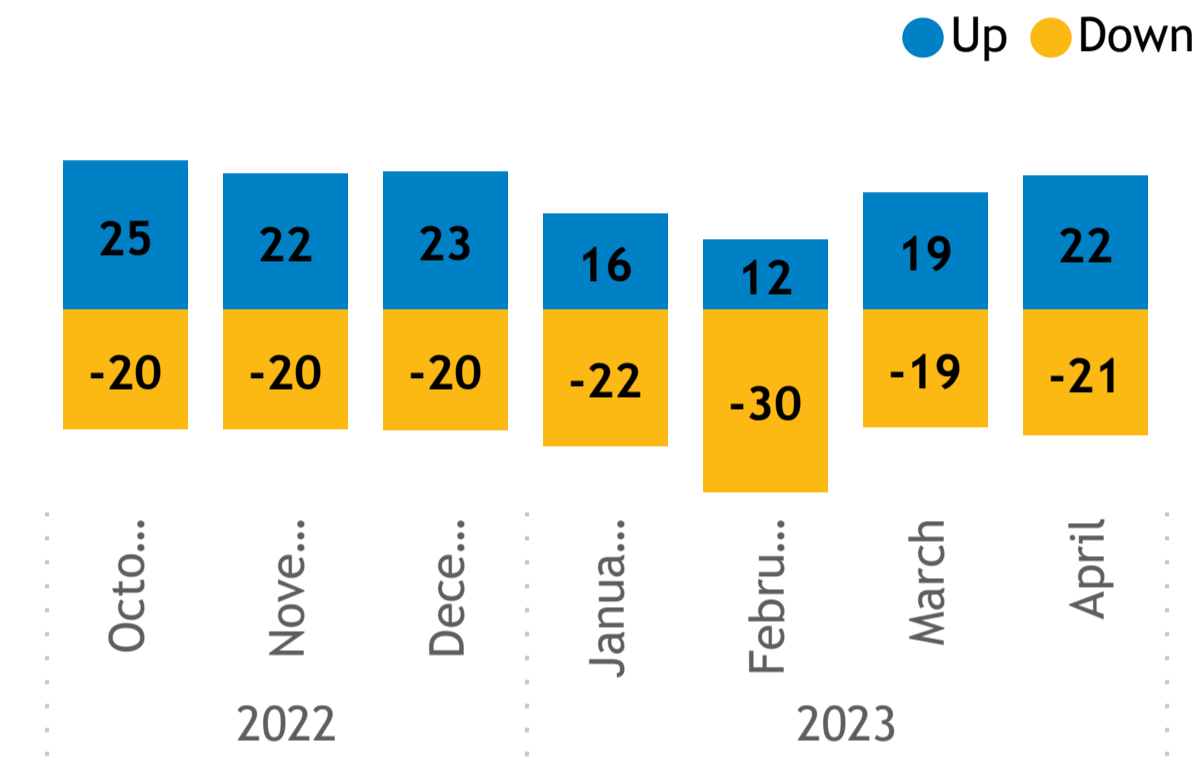
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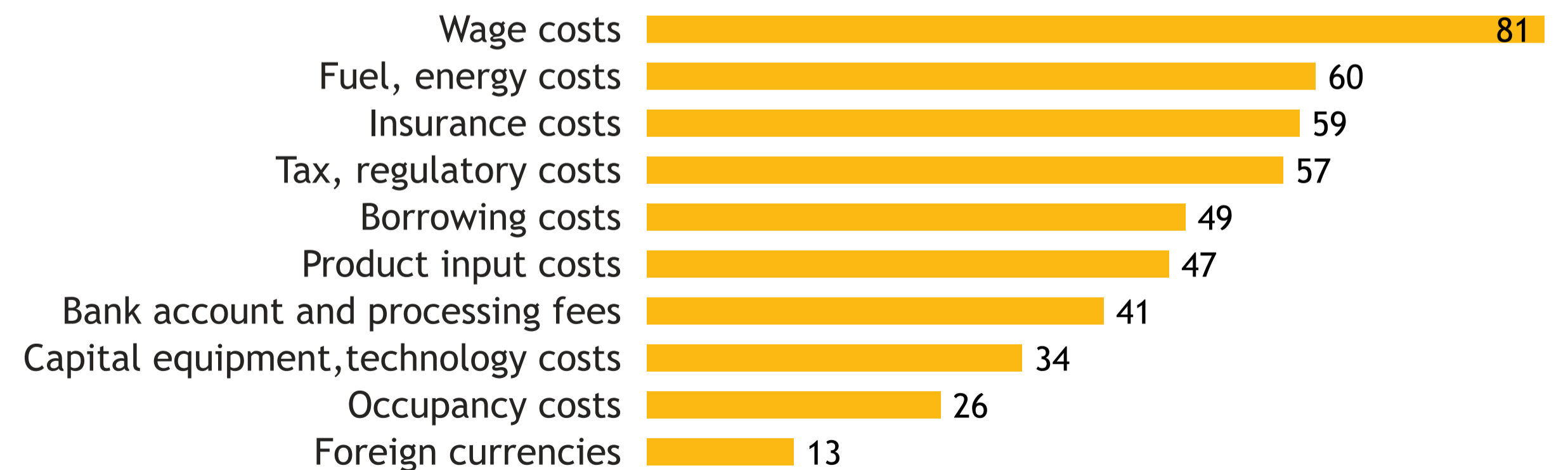
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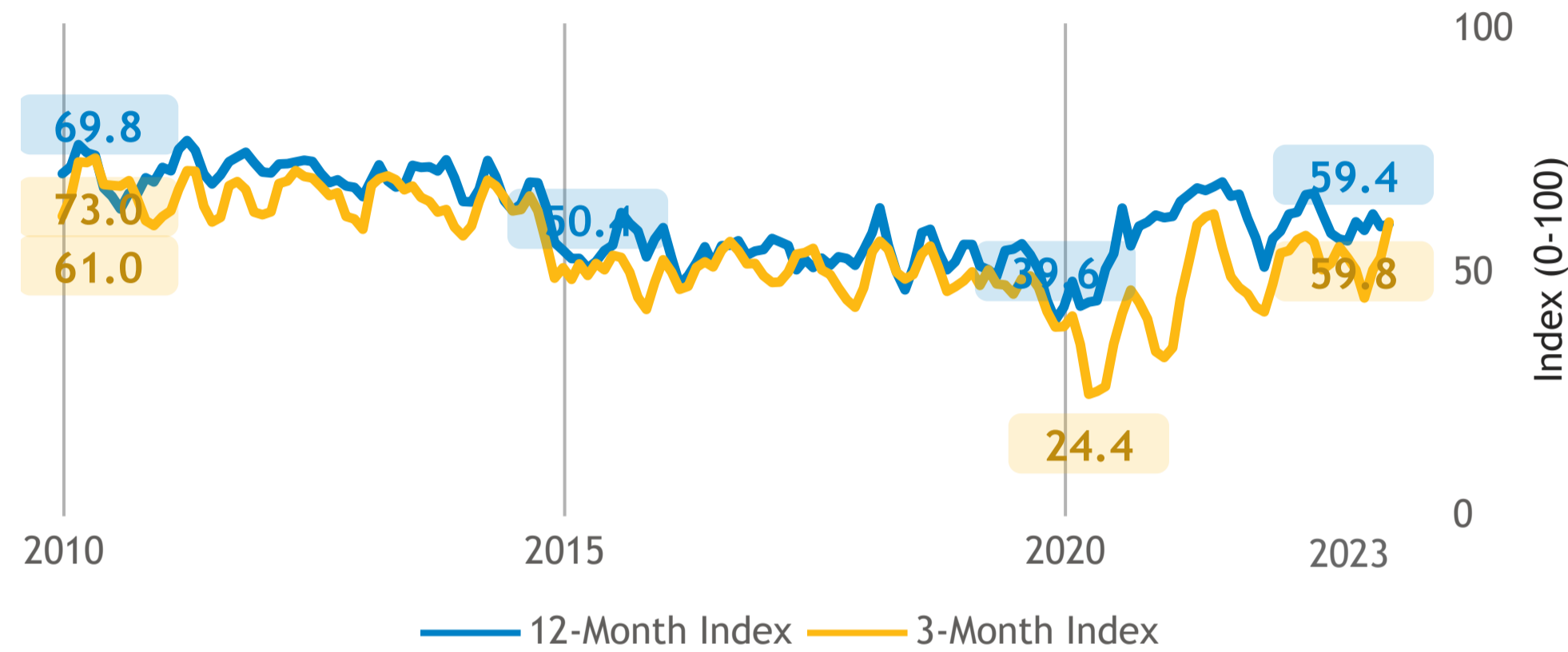
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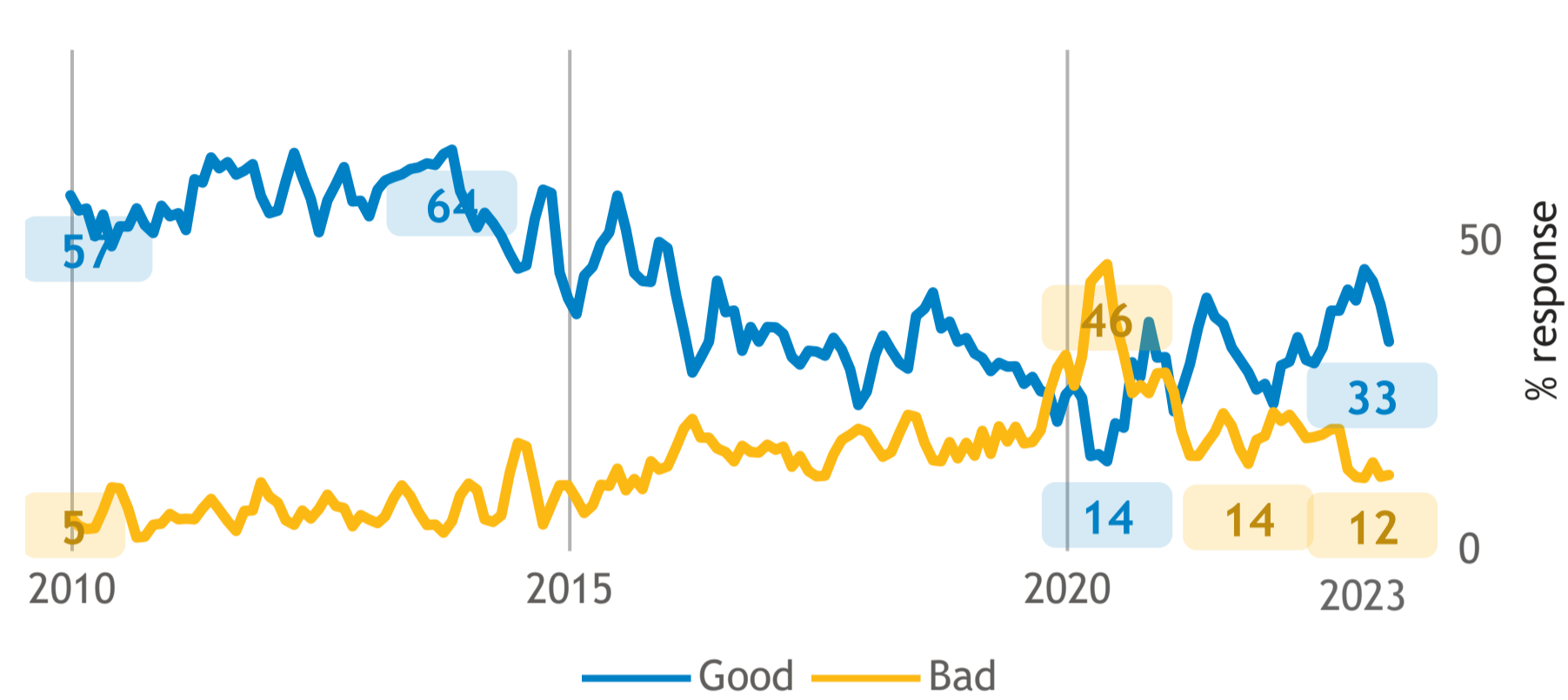
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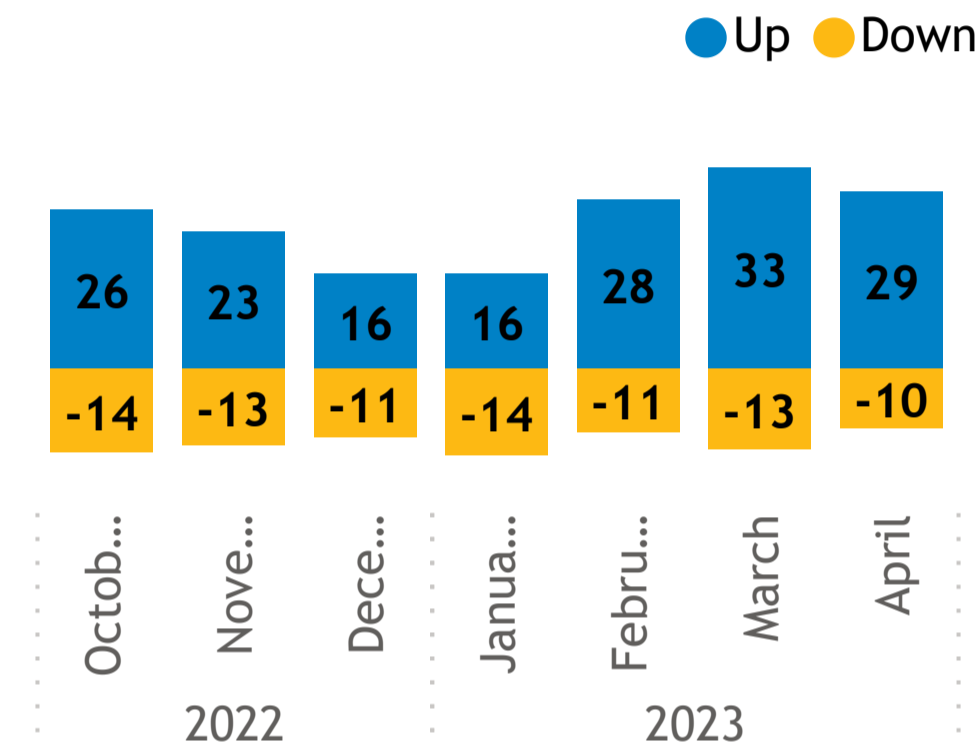
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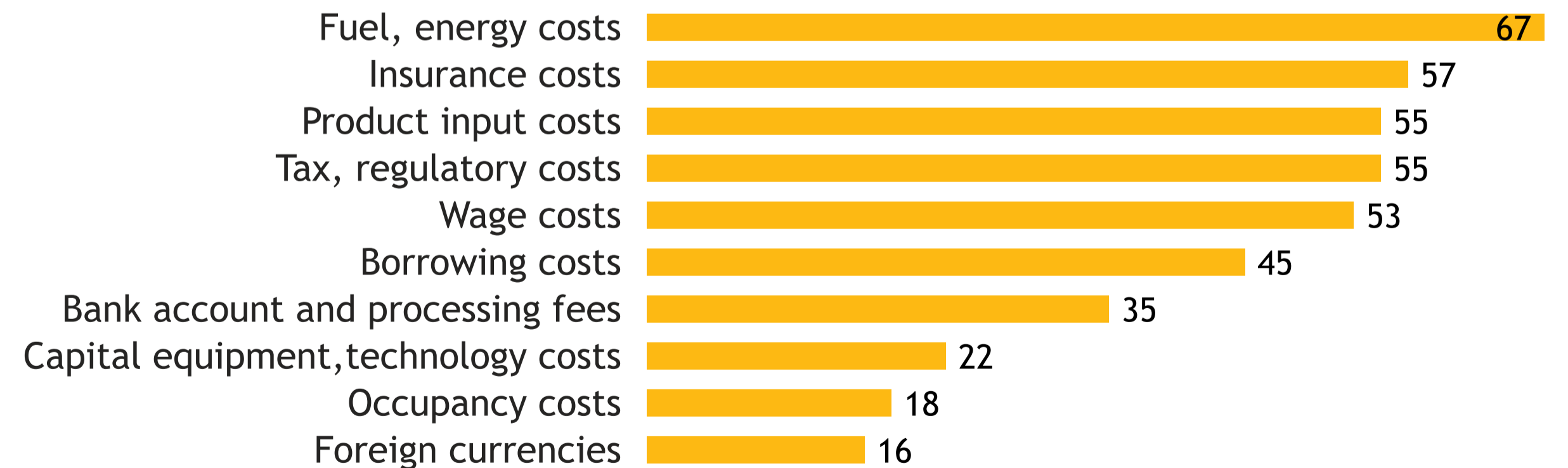
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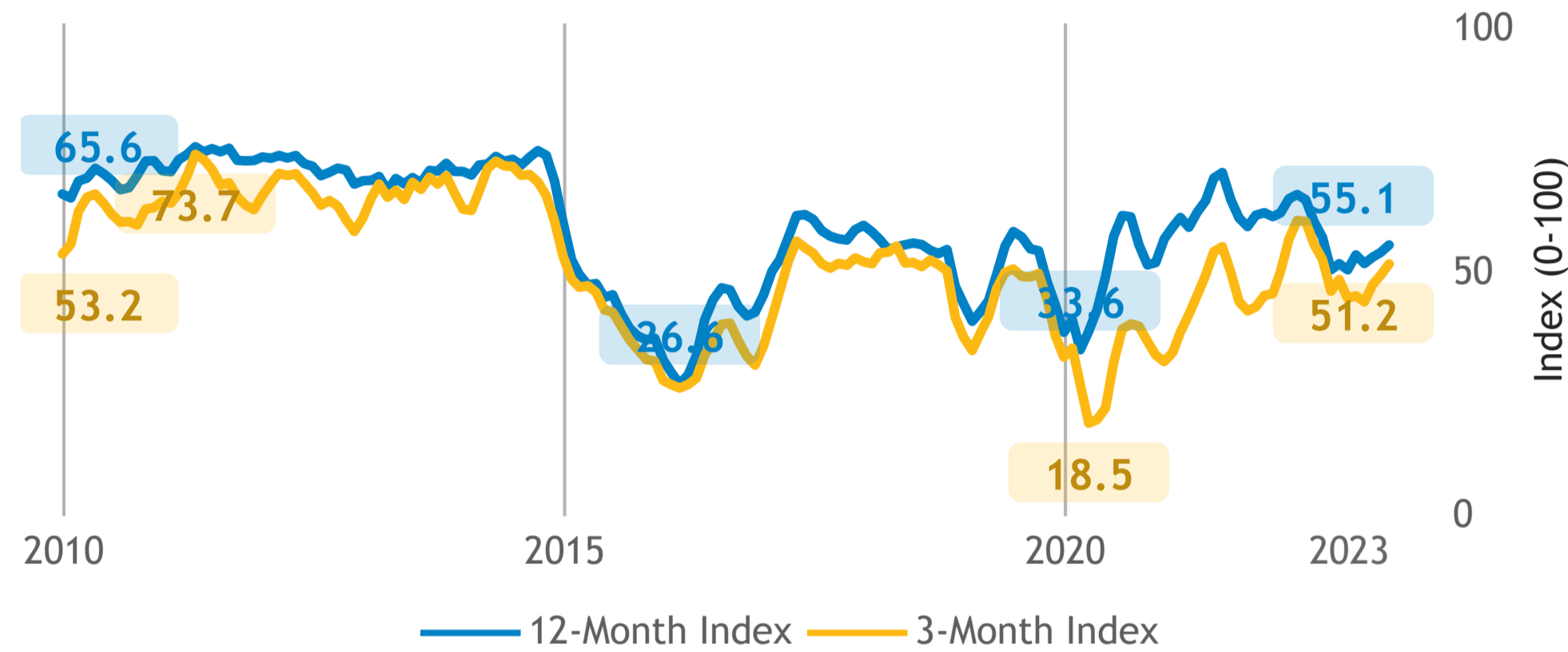
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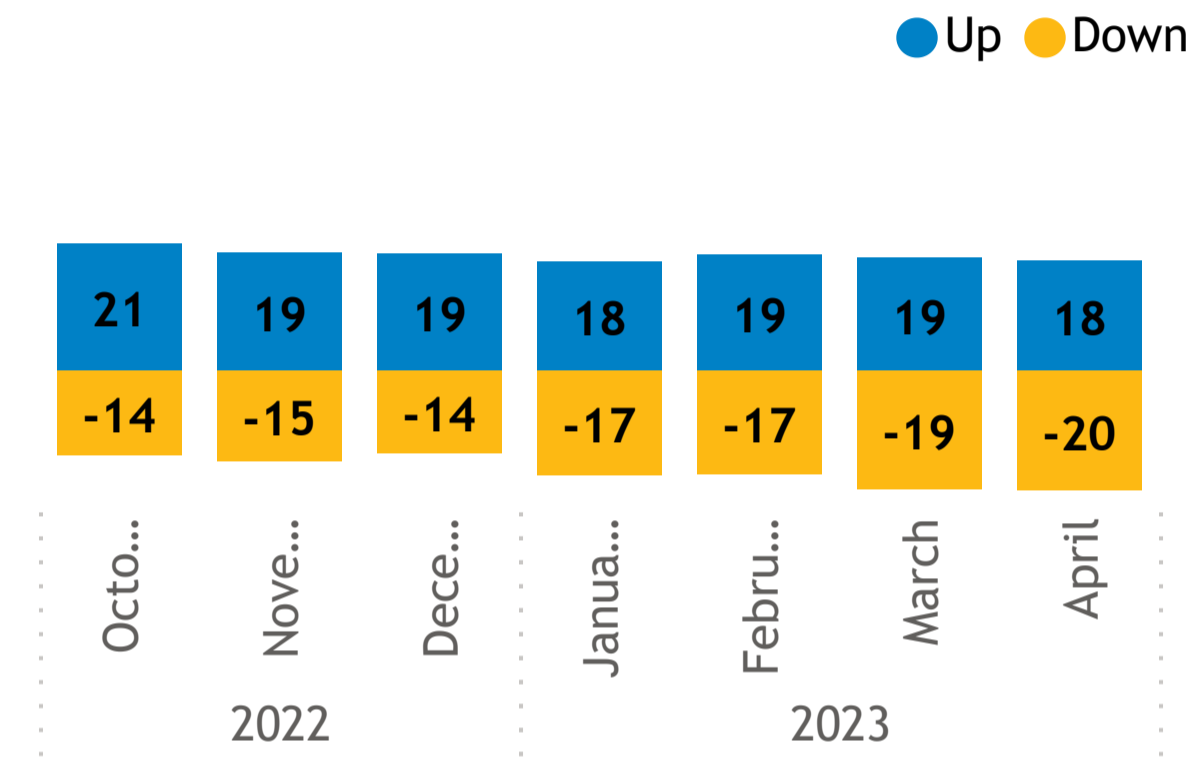
12-Month and 3-Month Index



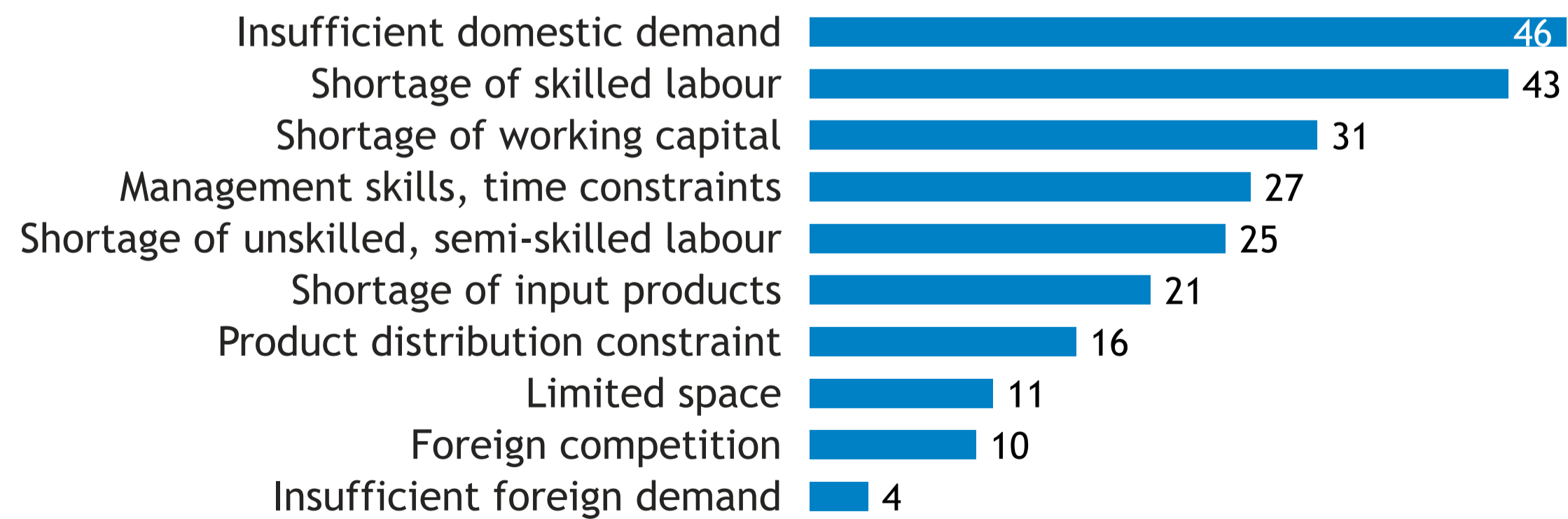
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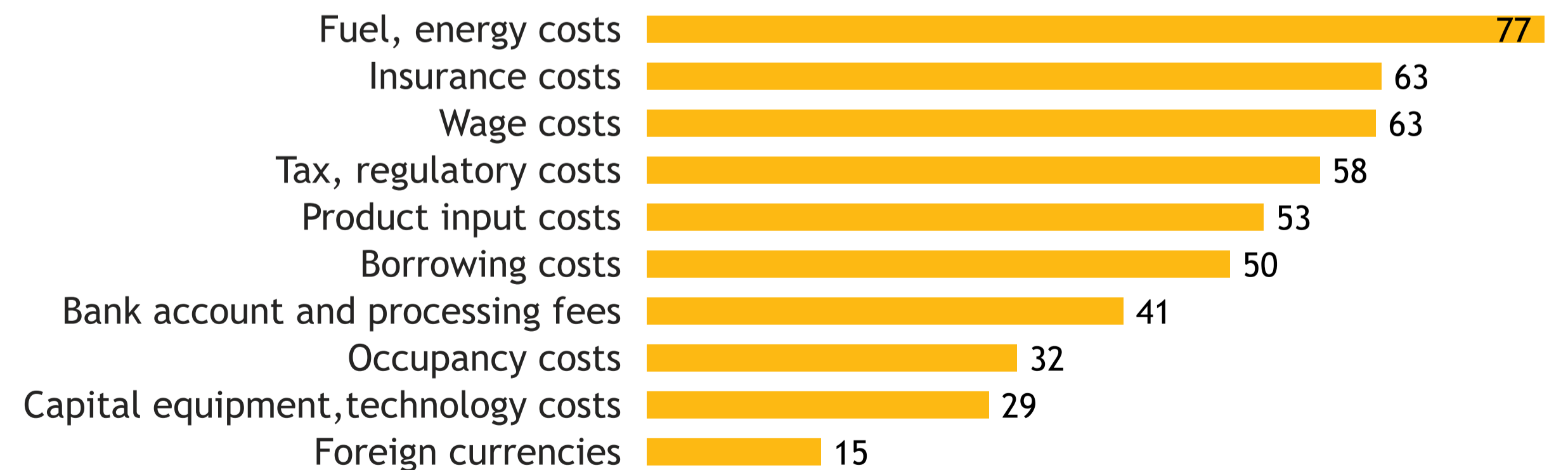
Full-time Staffing Plans



Limitations on sales or production growth



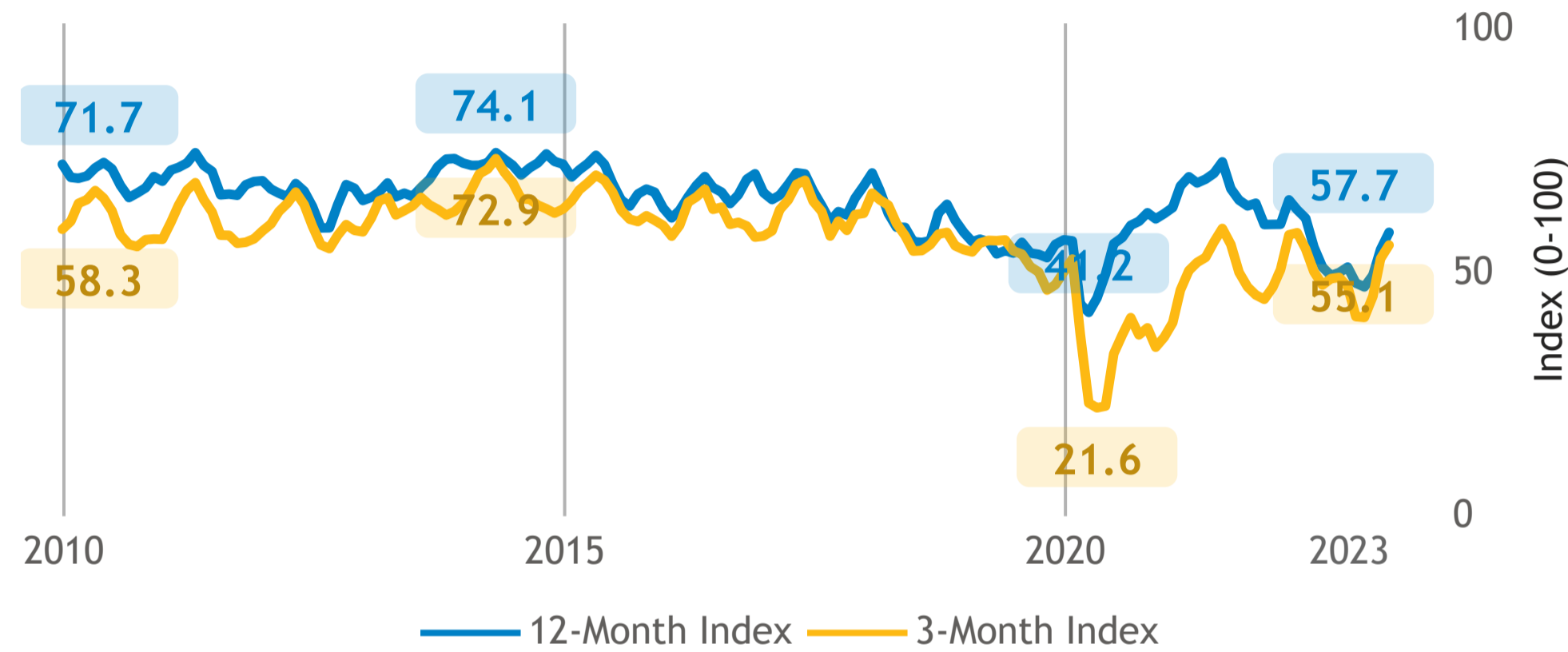
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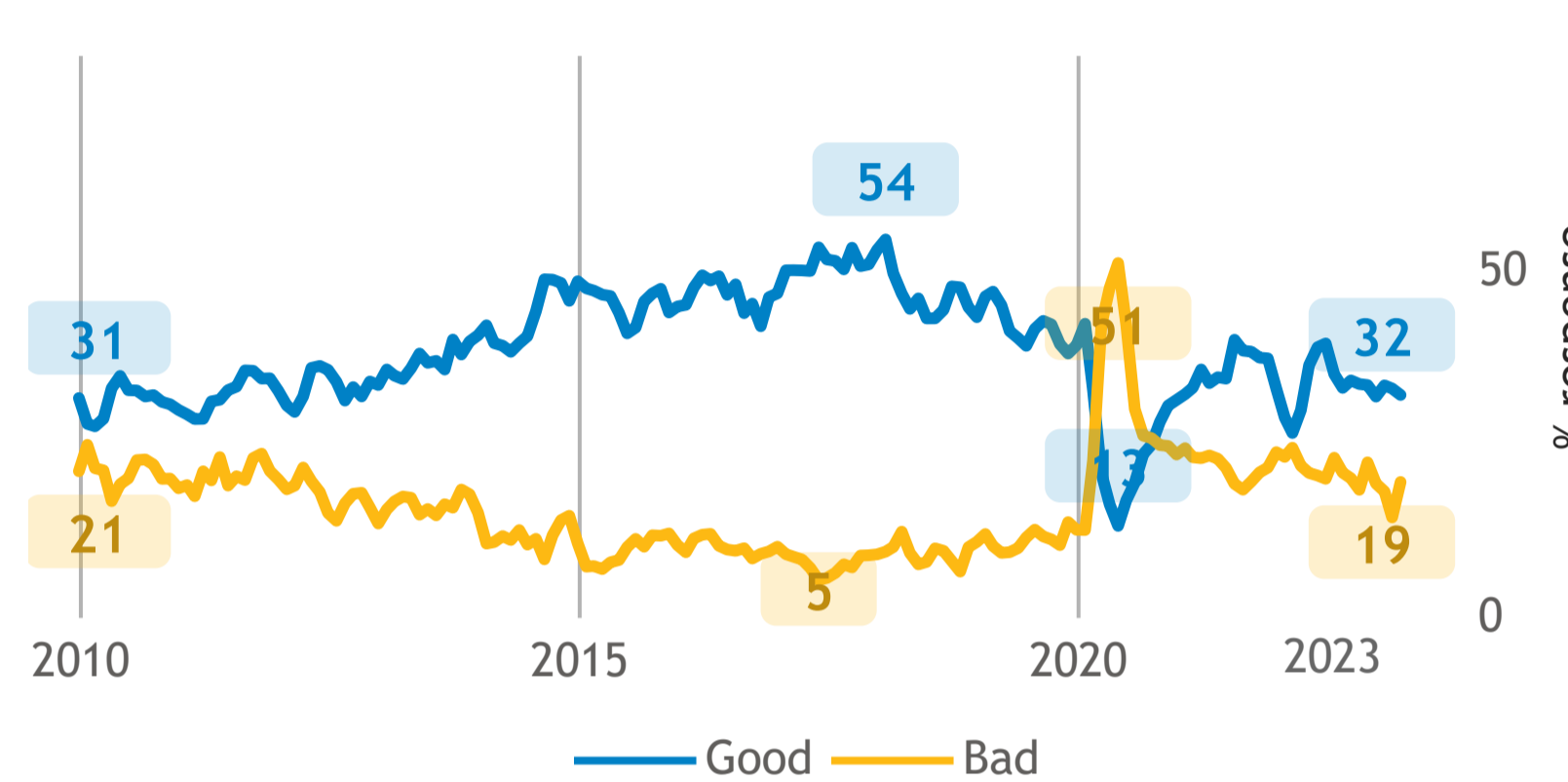
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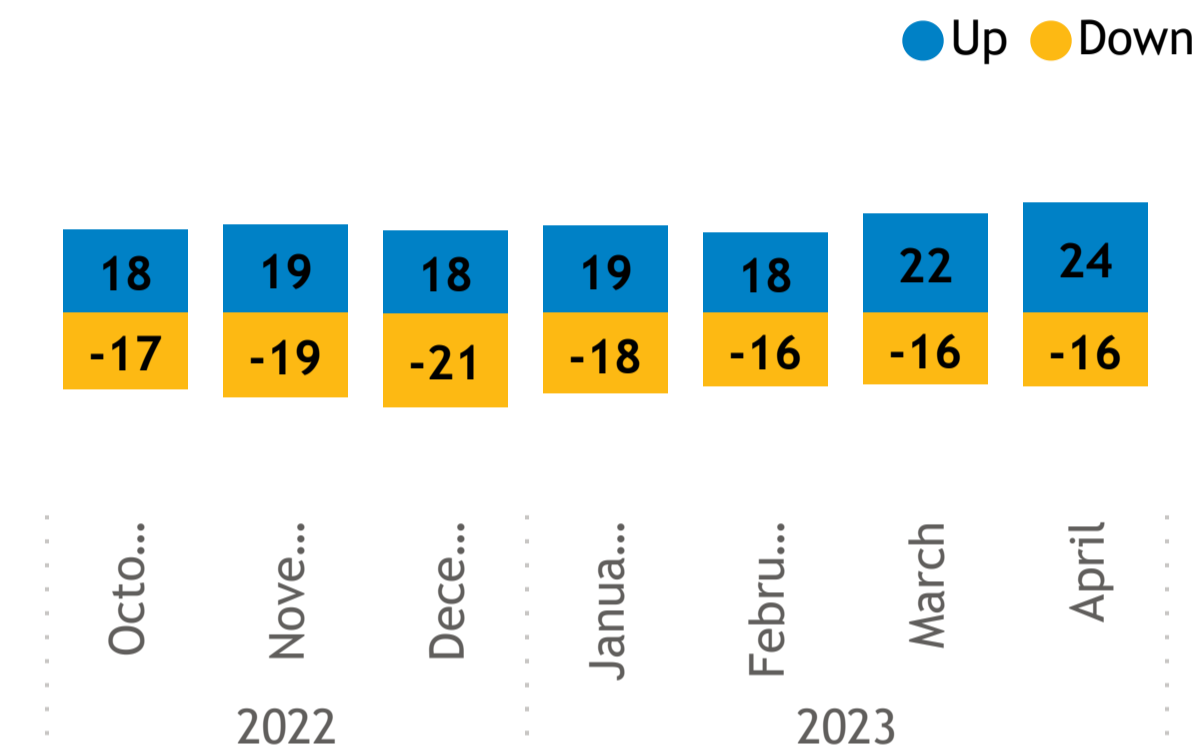
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Major input cost constraints

