



February 9, 2024

Hon. Chrystia Freeland  
Minister of Finance  
Department of Finance Canada  
90 Elgin Street  
Ottawa ON  
K1A 0G5

Via email: Budget2024@fin.gc.ca

Dear Minister Freeland:

**Re: Federal Budget 2024/25**

As the voice of business in Saskatchewan, the Saskatchewan Chamber of Commerce would like to bring to your attention several crucial matters that Saskatchewan businesses would like addressed in the upcoming Federal Budget. The SCC is a member-based advocacy organization that represents the interests of over 10,000 individual businesses, industry associations, and local chambers across Saskatchewan through its Chamber Network.

Foremost, our organization urges you to provide relief to Saskatchewan businesses and residents regarding the carbon tax. Saskatchewan's economy is in a transitional phase, working towards diversification and sustainability. Carbon tax relief can ease the financial challenges associated with this transition, allowing businesses to invest in cleaner technologies and practices without jeopardizing their financial viability. In fact, in our recent survey on federal priorities, 41% of business representatives indicated that discontinuing the federal carbon tax is their foremost concern. Although the majority of concerns revolve around core issues such as cost and cash-flow implications, three other challenges in the application of the tax need to be addressed. Firstly, recognition of Saskatchewan's historical and geographical disadvantages in making the transition to a low-carbon economy needs to be incorporated. Secondly, allowances are needed for certain industry activities involving fixed, unavoidable carbon emissions, with no proven, commercially available, low-carbon alternatives. Finally, mechanisms are required to address the challenges faced by Saskatchewan exporters who lack sufficient market control to absorb carbon taxes without the loss of critical competitiveness.

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Our organization believes there is an opportunity for collaboration between our businesses and both levels of government to address these concerns. Doing so will enable the development of practical solutions that benefit both the environment and the economic well-being of our members.

In addition to the carbon tax implementation, it is essential to highlight that Saskatchewan businesses have not yet received the promised carbon tax fuel charge proceeds. This substantial amount of money could actively benefit our businesses, and its purchasing power has been diminishing each year. While the SCC continues to express significant concerns about the guidelines established by the Government of Canada for the Fuel Charge Proceeds Return Program, we want to emphasize the urgency of promptly returning these funds to businesses in our province.

The reform to the Small Business Deduction (SBD) also holds immense potential to ignite growth and scalability for businesses in Saskatchewan and Canada. Originally conceived to foster expansion by allowing businesses to retain more after-tax income, the current \$500,000 limit has become a constraint, and a disincentive, for businesses looking to expand. To address this issue and unleash the full growth potential of businesses, our organization recommends the SBD limit be increased from \$500,000 to \$750,000. This adjustment not only aligns with the evolving economic landscape but also ensures that the SBD continues to serve its intended purpose. Additionally, annual indexing should be applied to the SBD threshold at a rate equal to the annual Consumer Price Index. This, coupled with indexing also applied to the *taxable capital employed in Canada* amount, will ensure that the SBD remains reflective of economic realities, while promoting growth for businesses across the nation.

Prioritizing investments in infrastructure, both new and existing, with a specific focus on trade-related infrastructure, is another priority for Saskatchewan businesses. In Saskatchewan, a province that exports about 65% of what it produces, the importance of accessible infrastructure cannot be overstated. Being landlocked, our businesses understand that the seamless movement of exports is contingent on not only quality export infrastructure within the province but also across the country. We recommend your government prioritize investments in both new and existing infrastructure with a focus on trade-related networks and economic spinoff. This emphasis on trade infrastructure will not only enhance Canada's capacity to export resources and products globally but also foster long-term economic growth. In fact, a SCC member survey found that increased infrastructure investment in Saskatchewan would likely prompt 48% of our members to invest more capital or create new jobs.

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Closely linked with the need for Saskatchewan to achieve its export potential, is the opportunity for Canada to serve as a global leader in food and energy security; two areas where the world is in desperate need of stability. Critical minerals are pivotal for ensuring Canada's ability to exert influence across the technology, food, and energy sectors. While the nation has identified 31 critical minerals, the federal government has prioritized six. These six sectors have since benefited from federal initiatives. However, given current global challenges, our organization believes it's crucial to focus on other essential sectors. Established economic drivers like uranium and potash, already facing additional global competitiveness and carbon leakage concerns, should also be prioritized by the federal government as these sectors have significant opportunities for even more production or value-added processing.

Finally, the last issue of significant priority to our membership is regulatory efficiency and consistency. Specifically, our members indicate that a transparent, timely, scientifically defensible, effective, and predictable regulatory environment is imperative for fostering a competitive investment climate. While the innovation capacity of Saskatchewan's business community is vast and diverse, investments take time and regulatory compliance takes resources. Policy and planning should provide business with adequate education, adaptation time, and consistent goal to attract investments and drive growth. Our organization also urges your government to exercise control over operational spending and explore opportunities to reduce the size of government. This approach will contribute to fiscal responsibility and ensure efficient use of public resources.

The membership of the Saskatchewan Chamber of Commerce appreciates your time and consideration of these crucial matters. The implementation of these recommendation in Budget 2024-25 will undoubtedly contribute to the prosperity of Saskatchewan and the nation as a whole. Our organization looks forward to the upcoming budget and to continuing to work with your government in the coming year.

Sincerely,

A handwritten signature in blue ink that reads "Prabha Ramaswamy". The signature is written in a cursive, flowing style.

Prabha Ramaswamy, CEO  
Saskatchewan Chamber of Commerce