

ECONOMIC  
DEVELOPMENT

REGINA



# STATE OF SMALL BUSINESS IN THE GREATER REGINA AREA

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## About the Authors

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Colin is a global leader in research, analysis, and report writing, with expertise across industries such as finance, fintech, insurtech, and AI. He has led projects in 70 countries and held key roles, including Head of Research, for firms in Southeast Asia, the Middle East, Japan, Europe and North America. His experience spans both traditional industries and cutting-edge technologies like artificial intelligence, where he integrates AI-driven strategies into economic development.

At Economic Development Regina (EDR), Colin directs the Growth & Investment and Economics & Data Analytics teams. Under his leadership, these teams drive innovation and economic revitalization through advanced research, AI-powered insights, and strategic reports. Colin's vision fosters collaboration, attracts investment, and ensures sustainable growth for the Greater Regina Area. With a focus on AI, economic strategy, and business development, Colin's expertise helps position EDR as a leader in producing data-driven reports and guiding regional development.

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### **Kori Clark, Marketing Specialist and Data Analyst, Economic Development Regina**

Kori Clark is a marketing professional, with expertise in digital strategy and online presence. As EDR's Marketing Specialist and Data Analyst, Kori oversees the organization's social media platforms and websites, while contributing to the data-driven insights that inform EDR's reports, and investment and talent attraction efforts. With a strong background in hospitality, Kori has developed a keen understanding of the importance of connection — an approach she integrates into both her digital marketing efforts and her community engagement. With a firm belief in Regina and its distinct character, Kori's efforts are focused on showcasing Regina as an exceptional place to live, work and do business.

### **Mandy Pavlovsky, Manager, Entrepreneurship and Investment, Economic Development Regina**

Mandy is a dynamic professional with extensive experience in business development, strategic planning, marketing, communications, event planning, and film & television production. At Economic Development Regina (EDR), she supports entrepreneurs by building connections with key partners, helping to overcome challenges and seize opportunities. Mandy's commitment to Regina's business community is evident through her role in fostering a thriving entrepreneurial ecosystem. As a seasoned entrepreneur herself, she has built a successful consulting business and production studio, offering valuable insights into business growth. Mandy also works to attract investment to the Regina area, leveraging her strong relationships with investors to drive economic development.

## KEY FINDINGS



**98%**

Businesses in the  
GRA are "small"  
(1 to 99 employees)



**\$4.6B**

Revenue generated by  
small businesses in  
the GRA (\$533,000  
in revenue)



**368**  
(4%)

Growth of  
small businesses  
since 2019



**\$4.4B**

Contribution to  
Regina's GDP  
(25% of total GDP)



**8,600**

Small businesses  
in the GRA



**36,500**

Of GRA's workforce are  
employed by small  
businesses (24% of all  
GRA's total employment)



**59**

Businesses shifted  
from micro  
to mature



**\$567M**

Total tax revenue  
from small  
businesses in  
the GRA



**76%**

Small businesses in  
Canada must transition  
ownership in the next  
ten years (by 2033)



**9%**

Firms with a  
transition plan



**\$2TRN**

Of small business  
assets in Canada  
could change  
ownership by 2032



# The State of Small Businesses in the GRA

## Executive Summary

Small business is the backbone of economic landscapes globally. The Greater Regina Area (GRA) is no different. Small businesses encapsulate innovation, drive local employment and foster robust community development pivotal at all levels. This report, produced by Economic Development Regina (EDR), is a deep exploration of the small business ecosystem in Canada, Saskatchewan and the GRA, looking deeply to paint a vivid, rich picture of how indispensable small businesses are to all levels of economy in Canada.

## A Deep Dive into Small Business

This report explores the range of challenges and successes small businesses experience with a special focus on unique economic dynamics in Saskatchewan and the GRA. It highlights the resilience and strategic adaptations businesses have demonstrated in response to economic pressures – from fluctuating interest rates and supply chain disruptions to long-term impacts of the COVID-19 pandemic – as well as overall. The report reveals three notable insights characteristic of small business at each level of our economy:

- **The innovative and resilient economy of the GRA:** Small businesses in the GRA have shown remarkable innovation and resilience historically and recently: since July 2019, 368 (4%) new small businesses have launched in the GRA. In economic downturns, small businesses have both survived and also found growth by pivoting nimbly to digital platforms and diversifying service offerings as well as benefitting from community support. This adaptability is a defining characteristic of the GRA's economic landscape and the businesses that make it up.
- **Cultural impact of small businesses:** In Saskatchewan, and in the GRA, small businesses frame and contribute to the cultural identity of community. They are both economic drivers and cultural beacons that enhance social cohesion and boost local pride. This duality enriches local life and bolsters social fabric, ensuring communities are vibrant, relevant and valuable.

The GRA, in turn, provides a welcoming, liveable environment for entrepreneurs. In fact, according to the Globe and Mail's *Canada's Most Liveable Cities* study (2023), Regina ranks first out of 439 Canadian cities in terms of liveability for Entrepreneurs. The evaluation involved an analysis of 43 variables, spanning 10 categories: Economy, Housing, Demographics, Health Care, Safety, Education, Community, Amenities, Transportation and Climate.

- **Interest rate sensitivity:** Broadly, small businesses in Canada, Saskatchewan and the GRA experience are uniquely sensitive to interest rate changes. Unlike counterparts in bigger, more diversified economies, small businesses here can face amplified challenges from smaller, local and more insular (specialized) markets. Over 60% of small businesses indicate that decisions on hiring, pricing and other investments are directly dependent on interest rates. This sensitivity is pronounced in the GRA where small firms must develop financial strategies to contend with volatile credit markets.

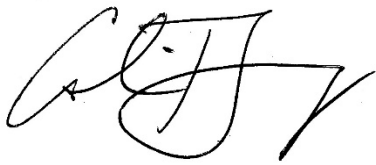
## Our Research Scope

Our report and insights are backed by extensive data, research and data analysis focused on the small business ecosystem of the GRA, Saskatchewan and Canada. By examining economic and business data and other sources (e.g. Statistics Canada, Conference Board of Canada, other private data sources) and conducting tertiary research, analysis and modeling, we use the data to provide and support our views and offer a unique and informed look into small business dynamics across these jurisdictions. For details and access to our data, please access the References and Appendix sections at the end of this report.

## Engage and Explore

As with all EDR reports and research, we invite readers to dig into the report, challenge presented findings and then contribute to ongoing discussions about the GRA's economic and our economic development strategies. This document also serves as a resource for policymakers, current and prospective business owners, investors and other partners to better strategize how to foster environments that enhance the success and sustainability of small businesses. We also believe that our examination of unique challenges and opportunities in the GRA provides valuable lessons to be applied locally, provincially and otherwise.

Understanding and supporting small businesses is crucial for sustaining Canada's economic growth and community development, particularly in smaller centres. Armed with insights in this report, EDR encourages all stakeholders to leverage this knowledge alongside other resources to advocate for policies and practices that nurture the growth of small businesses and, thereby, future economic prosperity in the GRA and beyond.

A handwritten signature in black ink, appearing to be 'A. J. F.', is positioned below the text.

## Small Business in Canada

Small businesses are the foundation of Canada's economy – driving innovation, creating jobs and fostering community development. Statistics Canada (StatsCan) defines small businesses as firms with fewer than 100 employees – a significant portion of Canada's economic activity.

As of December 2023, there were more than 1.35M businesses operating in Canada. Of those, 1.32M (98%) were considered 'small.' Collectively, those businesses employed over 11M people and spanning industries (notably retail, manufacturing, technology, hospitality and professional services).

Recent economic conditions highlighted the resilience and adaptability of small businesses despite significant hurdles. Businesses have faced both "common" issues (e.g. high interest rates, inflation and technological disruptions) and unique circumstances (e.g. the COVID-19 pandemic) and lingering effects. Each hurdle brought labour, supply chain and funding challenges during and after the pandemic ended.

Despite these trials and more, small businesses continue to deliver, innovate and grow across Canada. When available, public support programs and initiatives helped facilitate access to finance, improve digital capabilities and enhance market competitiveness that, combined with their own initiatives, enabled small businesses to sustainably contribute to Canada's overall vitality and their own local economies.

Outside commerce, small businesses are integral to local communities' social fabric, adding vitality and enhancing social cohesion by creating jobs and fostering community identities.

Understanding the landscape of small business in Canada, including their contributions, challenges and support systems, is essential to knowing – and appreciating – the vital role small businesses play in our economy today and its outlook tomorrow.

Our research uncovered that StatsCan defines small businesses as establishments with 1 to 99 paid employees. While informative, this definition does not consider the broader range of small businesses in operation. As such, this report further classifies small businesses into two subcategories:

- Micro Businesses: 1 to 19 employees.
- Mature Businesses: 20-99 employees.

### Our Backbone: Small Business

Small businesses represent 98% of all businesses in Canada, employing nearly 70% of the private sector workforce. They are a base of our economy. But the landscape is evolving rapidly, with challenges like rising operational costs, competition from larger groups and digital transformation pressures.

In 2023, Canada had <4,800 insolvencies – the highest in 13 years – as a result of financial strains on small business. And what is ahead is unknown.

That said, opportunities abound. The Canada Digital Adoption Program (CDAP), launched in 2022, provides \$4B in funding to help some 160,000 small businesses embrace digital technologies, enhance productivity and boost competitiveness. Why? Data shows that digitally mature small businesses are 62% more likely to see high sales growth and 52% more likely to achieve greater profits.

While barriers like high costs and lack of digital infrastructure exist, the focus on ecommerce, sustainability and local sourcing continues to drive growth. By leveraging available support and embracing innovation, Canada's small businesses can work through challenges and remain pillars for local economies.



Our findings highlight the range of Canadian small businesses across geography and industry distribution to regional variations in the number of small businesses per capita. Combined, Canada's business landscape is clearly and primarily made up of small businesses (98% or 1.33M of all Canadian businesses) of which 89% (1.18M) assessed as micro and 11% (152,000) as mature businesses. Table 1 below presents essential details to understanding small business distribution in Canada.

**Table 1: Geographical distribution of small businesses in Canada**

Jurisdiction	Total Businesses	Small businesses	Micro businesses	Mature businesses
<b>Canada</b>	1,358,077	1,330,389	1,178,738	151,651
<b>Ontario</b>	509,194	498,448	444,249	54,199
<b>Quebec</b>	279,902	273,585	238,215	35,370
<b>British Columbia</b>	216,314	212,624	189,472	23,152
<b>Alberta</b>	176,682	173,214	154,705	18,509
<b>Manitoba</b>	43,842	42,861	37,326	5,535
<b>Saskatchewan</b>	<b>43,020</b>	<b>42,292</b>	<b>37,690</b>	<b>4,602</b>
<b>Nova Scotia</b>	32,649	31,978	28,021	3,957
<b>New Brunswick</b>	26,404	25,862	22,761	3,101
<b>Newfoundland and Labrador</b>	18,891	18,599	16,834	1,765
<b>Prince Edward Island</b>	6,930	6,802	6,054	748
<b>Yukon</b>	1,933	1,898	1,678	220
<b>Northwest Territories</b>	1,582	1,526	1,213	313
<b>Nunavut</b>	734	700	520	180

Source: Economic Development Regina calculations, Statistics Canada.

The table shows a high concentration of small and micro businesses Canada-wide, but with significant variances in distribution also. Canada's largest provinces by population (Ontario, Quebec, British Columbia and Alberta) have the largest volume of businesses, including considerably high levels of small business, and given a direct relationship of population in both absolute and relative terms. This indicates and supports an even distribution of small businesses in Canada.

Within the results, mature businesses comprise a smaller segment of all small businesses (about 11%), which suggests a younger business ecosystem (i.e. entrepreneurs) and a rich body of newly founded companies in all jurisdictions of late (StatsCan, 2023). Finally, the data highlights regional business maturity and size differences across Canada, reflecting a more balanced economic landscape.

**Table 2: Geographical distribution of small businesses per capita (per 1,000 people) in Canada**

Jurisdiction	Small businesses	Micro businesses	Mature businesses
Yukon	41	36	5
Prince Edward Island	38	34	4
British Columbia	38	34	4
Alberta	36	32	4
Newfoundland and Labrador	34	31	3
<b>Saskatchewan</b>	<b>34</b>	<b>31</b>	<b>4</b>
Northwest Territories	34	27	7
Canada (National Average)	32	29	4
Ontario	31	28	3
New Brunswick	30	27	4
Quebec	30	26	4
Nova Scotia	30	26	4
Manitoba	29	25	4
Nunavut	17	13	4

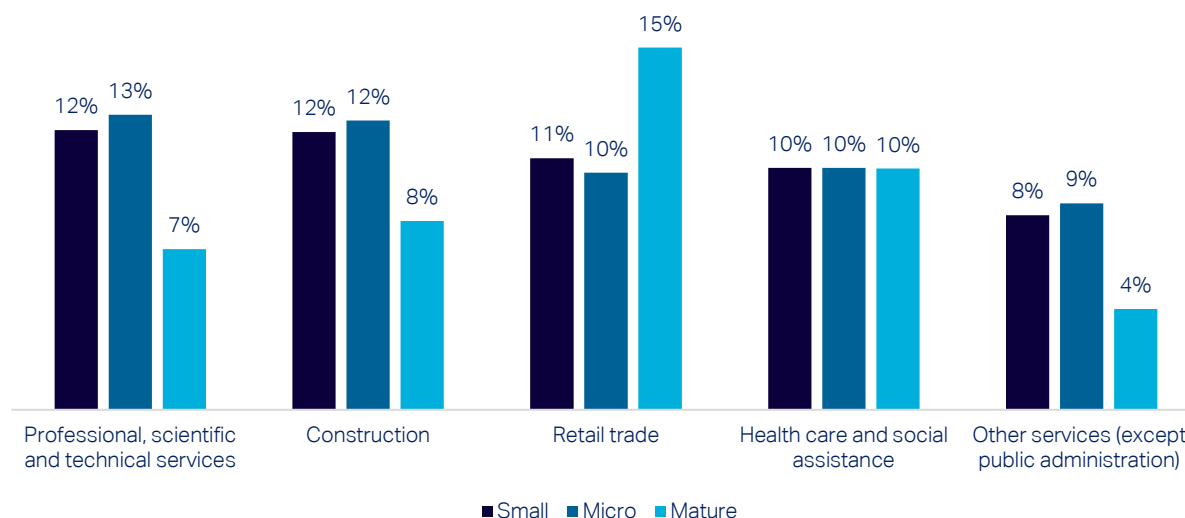
Source: Economic Development Regina calculations, Statistics Canada

Analysis of small firms per capita highlights unique variations across Canada (see Table 2). Interestingly, when small businesses per capita was adjusted for population differences across Canada, findings indicated proportionately more small businesses in both small and large (by population) provinces in Western and Atlantic Canada.

Of note, the Yukon, with 41,070 people (2021 Census) and one of Canada's least populated territories (only Nunavut (36,858 people) and the Northwest Territories (40,232 people) were smaller) had 41 small businesses per 1,000 people – the highest ratio in Canada and highlighting a strong entrepreneurial presence. Similarly, Prince Edward Island, Canada's smallest province by population (154,331 people) ranked second, indicating a similar scenario. Along with Newfoundland and Labrador, these provinces and territories had above-average concentration of small businesses per capita (>34 small businesses per 1,000 individuals on average).

Lastly and equally intriguing, Canada's smallest jurisdiction by population, Nunavut, had the lowest concentration of small businesses per 1,000 people (17), reflecting different factors at play, notably potential challenges fostering entrepreneurship outside geography, access to finance and other common challenges. As noted earlier, territories and smaller provinces tend to have a higher per capita presence of small businesses compared to larger provinces, and the data underscores both regional differences and commonalities.

**Figure 1: Industry Distribution of Small Businesses in Canada (Top 5)**



Source: Economic Development Regina calculations, Statistics Canada.

Across Canada, the distribution of small businesses is varied across sectors and industries. Figure 1 highlights how small, micro, and mature businesses differ, excluding the public sector.

Professional, scientific, and technical services and construction lead the small (and micro) business sectors, reflecting pivotal roles in Canada's economy. Due to the services offered, and the resources needed to operate, professional services are commonly a large portion of all small enterprises. Businesses in this category rely primarily on knowledge and/or talent to create unique services, while also having fewer barriers to entry (i.e. consultancies do not require the same capital as manufacturing firms).

A standout in the mature business category is retail trade, which suggests a tendency towards holding a stable, long-established presence, loyal customer base and operations. Within retail, food and beverage establishments occupy a significant share of all mature businesses due to the constant and long-standing demands consumers have for these services and their establishments.

In contrast, industries like real estate, manufacturing, and finance have a more balanced distribution due to similarities in adaptability to change, capital and regulatory requirements and offering tailored services.

Finally, utilities, which require considerable capital and structures to operate, have few small business participants owing to potentially higher barriers to entry and then operate (workforce, resources, client demand) in such sectors. Unique barriers to entry may include higher start-up costs, need for inventory accumulation, efficiency dynamics (e.g. significant inventory, machinery, other equipment is required to operate), workforce needs and an elevated and constant demand for products and services.

## Key Findings

### The growth of small business in Canada

Small businesses are a crucial driver of Canada's economy, contributing significantly to employment and innovation. The following section examines key trends, industry performance, and regional variations in small business expansion, highlighting factors influencing growth and challenges faced.

**Table 3: Five-year small business growth by business per capita in Canada (June 2019 to June 2024)**

Jurisdiction	Total Businesses	Small	Micro	Mature
Yukon	-11.2	-11.4	-10.6	-0.8
Prince Edward Island	-9.7	-9.6	-9.0	-0.5
Alberta	-7.0	-6.9	-6.3	-0.6
British Columbia	-6.1	-6.0	-5.5	-0.5
New Brunswick	-5.0	-4.9	-4.8	-0.1
Saskatchewan	-4.9	-4.8	-4.5	-0.3
Northwest Territories	-4.6	-4.9	-4.2	-0.7
Nova Scotia	-4.4	-4.3	-4.1	-0.2
Canada	-4.2	-4.1	-3.8	-0.4
Ontario	-4.1	-4.0	-3.6	-0.4
Manitoba	-3.8	-3.7	-3.2	-0.5
Newfoundland and Labrador	-3.8	-3.7	-3.6	-0.1
Nunavut	-3.7	-3.7	-2.7	-1.1
Quebec	-1.9	-1.9	-1.8	-0.1

Source: Economic Development Regina calculations, Statistics Canada.

Since 2019, small business growth per capita across Canada has declined (Table 3), which has impacted overall growth numbers for all business. Yukon, Prince Edward Island and Alberta experienced the largest declines in total business numbers with Yukon falling the most (down 11.2%) and driven by a major (-11.4%) decline in small businesses.

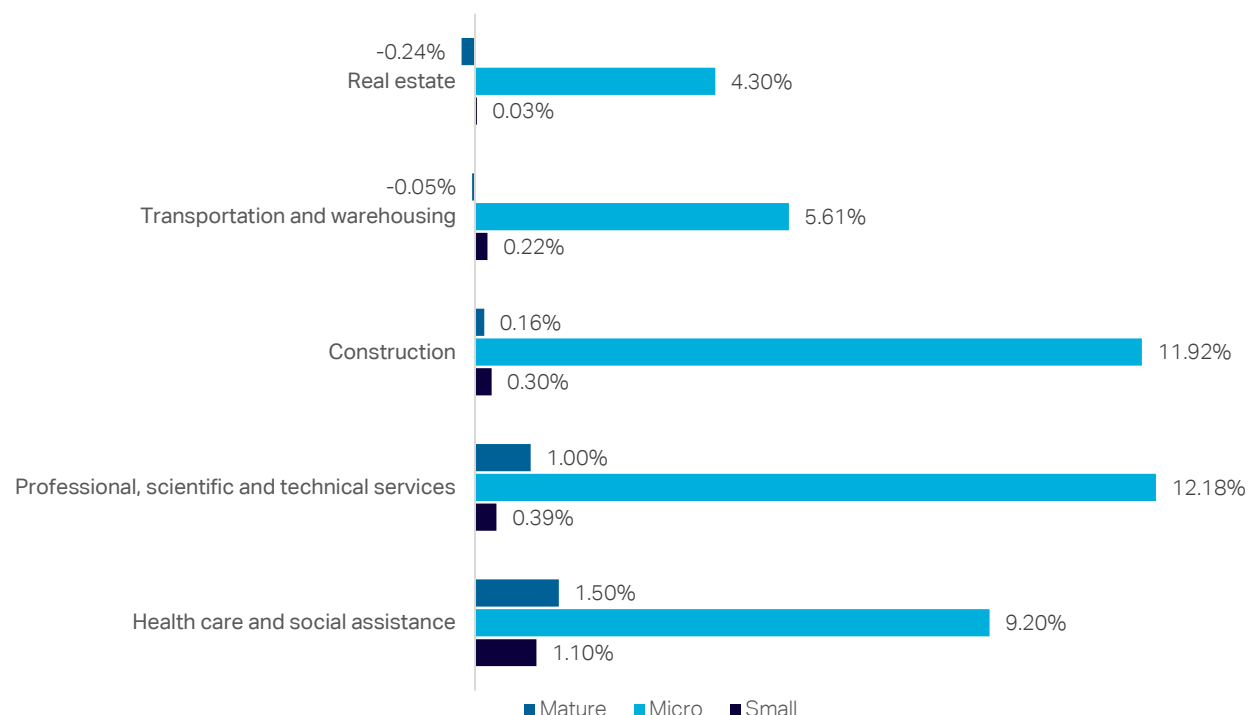
Conversely, Quebec showed the smallest decline (-1.9%), indicating better resilience. Saskatchewan's decline in total businesses (-4.9%) was near the national average (-4.2%) and indicates steady, but reduced activity, likely owing to economic challenges (e.g. lower commodity prices, interest and inflation issues) and other market uncertainties and impacts.

Micro businesses fared better, with a smaller decline than overall small businesses across jurisdictions, with the largest drops in the Yukon (-10.6%) and Prince Edward Island (-9.0%) as other jurisdictions saw varying, but less marked, declines.

Tellingly, mature businesses fared better, declining less than 1% in many provinces (e.g. Prince Edward Island saw -0.5% and Alberta -0.6% in small business growth). While not definitive, this implies that long-established businesses tend to withstand economic downturns better than newer enterprises, benefitting from consolidated market presence, loyal customers, clear value, and even brand awareness.

All told, declines and negative trends in total business clearly and significantly impacted small and micro business, reaffirming their critical importance to and the significant contribution smaller entities make to overall business numbers and economies across Canada.

Figure 2: Small business growth by industry in Canada between 2019 and 2024 (Top 5)



Source: Economic Development Regina calculations, Statistics Canada.

Between June 2019 to June 2024 (five years), Canada's small businesses were impacted in varied and marked ways (see Figure 2). The nation's top five sectors all saw large fluctuations in business numbers (StatsCan) with some business segments growing significantly (e.g. professional, scientific and technical services up 12.18%) as others declined (e.g. mature real estate down -0.24%).

Overall, micro businesses saw the largest growth, reflecting factors like rising interest in entrepreneurship, the attraction of the gig economy, knock-on effects of the pandemic on employment and businesses operations and other considerations.

Differently, mature business growth slowed or declined due in part to economic pressures (e.g. inflation, rising interest rates) and supply chain issues that could affect micro businesses given composition and characteristics (e.g. knowledge economy, limited need for capital and costly operations, equipment and other requirements). Sectors like healthcare, professional services and construction have also shown strong growth for small and micro business figures, reflecting demand and industry resilience during the pandemic and the subsequent recovery.

### The COVID-19 pandemic

The pandemic had universal, broad and specific impacts on Canada's economy. For example, businesses in the healthcare sector saw significant growth overall (12%), with micro (9.2%) and mature (1.5%) businesses experiencing increased demand for products and services in breadth (e.g. expanding public and private client base) and depth (e.g. extension of existing and addition of new services like testing).

In contrast, food and related services experienced significant disruption – from a noticeable drop for mature businesses (-1.43%) to a rise in micro businesses (4.42%). It is widely held that the pandemic disproportionately affected larger restaurants and chains, while micro businesses better adapted by focusing on expanded services (e.g. delivery and takeout) or specialization (e.g. diversifying tastes and options driven by the pandemic), though this was not without struggle for many (overspecialization or hyper niche market focus).



For the arts, entertainment and recreation sectors, micro businesses grew (1.33%), but small and mature businesses struggled. Pandemic restrictions severely impacted the industry, and recovery has been slow, particularly for larger establishments reliant on in-person customers.

### Other economic factors

Canada's construction sector experienced strong growth from 2019-2024, particularly in micro (11.92%) and small (0.30%) businesses, likely due to population growth, demand for housing and overall infrastructure investment. Notwithstanding, the sector had challenges, including high inflation and rising interest rates, which limited expansion and solidification.

The professional, scientific and technical services sector grew across all business-size categories, especially micro (12.18%). This can be attributed (somewhat) to professionals transitioning to freelance or contract work as a result of or due to both negative (e.g. job losses, redundancies) and positive impacts (e.g. expansion, local and distant service offerings) during and after the pandemic.

The finance and insurance sector, with its foundational role in Canada's economies alongside risk aversion and/or delayed digital development, grew noticeably, especially micro businesses (3.25%), but saw overall declines in small businesses (-0.24%). Common issues like rising interest rates and market-specific others like tighter financial conditions and digital competition have seen larger firms struggle to evolve, shift and expand, opening avenues of opportunity for smaller, nimble firms and fintech start-ups.

### Sectoral and Trend Analysis

Analyzing growth trends, challenges, and opportunities in key sectors (e.g. retail, healthcare and professional services) can unpack how small businesses shift in response to changing market conditions and economic drivers. Such insights are essential for understanding the contributions of various industries to Canada's economy and informing strategic decisions to support small business growth.

Through our research, the following key findings were uncovered:

- **Retail Trade:** The retail sector declined in small (-0.37%) and mature (-0.10%) businesses, while micro businesses grew (10.47%). The pandemic accelerated the shift to ecommerce and small-scale, niche online stores, and that shift then led to growth in micro retailers as larger businesses faced rising costs and changing consumer habits that impacted cost and operational models.
- **Transportation and Warehousing:** Growth in micro (5.61%) and small (0.22%) businesses can be attributed to increased demand for logistics and ecommerce delivery services as new habits formed during and after the pandemic (e.g. food delivery). Conversely, mature businesses experienced little to no change (-0.05%), potentially due to high competition, market saturation, established brand presence and loyal clientele.
- **Wholesale Trade:** Mature businesses in wholesale trade declined slightly (-0.55%), while micro businesses grew (4.13%). These shifts can be attributed to supply chain disruptions, changes in consumer behaviour and the growing dominance of small-scale distribution networks.

Overall, the data suggest that smaller businesses, particularly micro enterprises, have been more resilient and adaptive in the face of economic challenges, including those posed by COVID-19 and its aftereffects, such as inflation, rising interest rates, and shifting consumer preferences.

Mature businesses, however, have struggled, noticeably in sectors more susceptible to economic downturns or shifts in consumer behaviour (i.e.: wholesale and retail trade, manufacturing). This differs from what sectors like healthcare, construction and professional services experienced and illustrates where strength has remained across all business sizes, highlighting economic resilience and opportunity despite broader challenges they also and equally face.

## Outlook: Dynamic and varied, but uneven

The outlook for small businesses in Canada is as diverse, specialized and regional as the country itself, while also sharing common characteristics. Marked by regional diversity and industry-specific trends, territories like Yukon and provinces like Prince Edward Island and British Columbia lead in small businesses per capita, indicating robust entrepreneurial activity, but with marked (outside British Columbia) impact and scale.

On the other side of the coin, Canada's largest provinces – Ontario and Quebec – despite lower per capita concentration for small businesses, still play a significant role in the national economy given their larger populations.

Finally, more remote regions like Nunavut lag in small business density, embodying challenges in growth given limited market sizes, logistical challenges and dispersed populations.

By sector and industry, professional services, construction and retail trade dominate the small business landscape, with retail holding a strong presence among mature businesses. The food services sector, while a smaller portion, also wields a notable share of mature businesses – reflecting its long-term viability despite considerable headwinds.

All told, Canada's small business environment is dynamic, has clear regional variations and presents sectoral strengths that, overall, suggest positive, but uneven growth. As interest rates fall (and with them the cost of capital), gradual growth in the number and scale of small businesses (micro and mature) is anticipated, supported by an expected 20% growth in small businesses by 2030 (StatsCan).



## Small Business in Saskatchewan

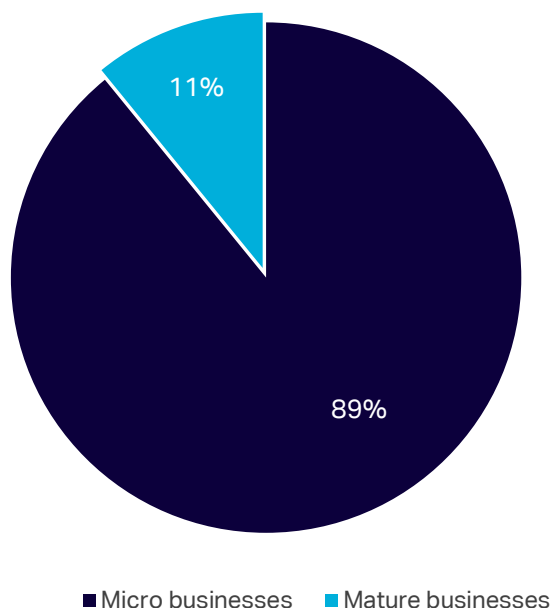
Small businesses in Saskatchewan drive innovation, create employment opportunities and foster local community development. Saskatchewan's small businesses account for over 98% of all enterprises, performing a vital role in the regional economy, key sectors like agriculture, retail, manufacturing, technology and services, and are active across areas of the province's diverse economic base.

Small enterprise has shown a remarkable ability to innovate and thrive in the face of challenges from fluctuating commodity prices, economic shifts, and the impacts of the pandemic. Since 2019, Saskatchewan has supported and nurtured an increase of 136 mature businesses, indicating growth among new enterprises and micro businesses as they advance in maturity. Government support initiatives from grants and low interest loans to digital transformation programs have been instrumental in helping small businesses navigate challenges, remain active and dynamic, and seize new opportunity.

### Key Findings

Saskatchewan is home to 43,020 total businesses, 42,292 (98.3%) considered 'small' by definition (see Glossary). Broken down further, these represent 37,690 micro and 4,602 mature businesses. When nationally, Saskatchewan beats the national average (32) of small businesses per 1,000 people at 34 (the national average is 32). However, Saskatchewan trailed lesser populated jurisdictions that achieved higher per capita business counts (e.g. Yukon at 41) as well as those with higher populations and business counts per capita (e.g. British Columbia at 38 and Alberta at 34). There are reasons, some eclectic, for this.

**Figure 3: Distribution of small businesses in Saskatchewan**



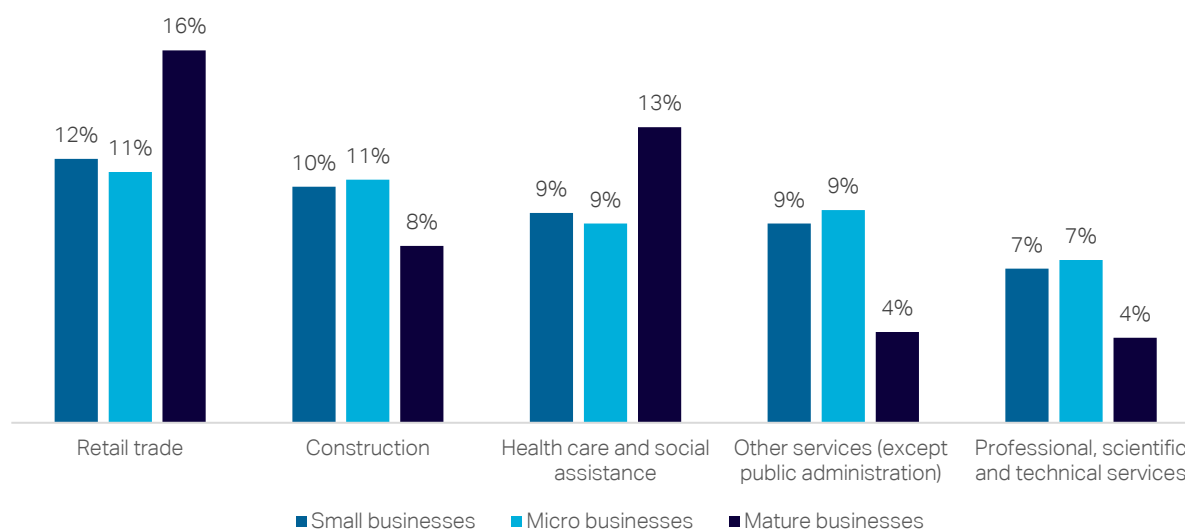
Source: Economic Development Regina calculations, Statistics Canada

For micro businesses, Saskatchewan is above the national average, indicating strong entrepreneurial roots as individuals choose enterprise over traditional employment. The established role of agriculture is also influential (e.g. a large segment of Saskatchewan's sole proprietorships are farmers).

The proportion of mature businesses in Saskatchewan (4,602) to the total number of small businesses in the province (42,292) is 11% - consistent with national trends where mature businesses represent a smaller segment (+/- 11%) of all small firms.

Combined, these figures and rationale suggests that Saskatchewan has a vibrant small business sector that is both established (e.g. agriculture-related) and that many small businesses are new or micro in scale.

Figure 4: Industry distribution of small businesses in Saskatchewan (Top 5)



Source: Economic Development Regina calculations, Statistics Canada.

Industry-specific data on small businesses in Saskatchewan revealed trends that unpack the distribution of small, micro, and mature businesses across industries, notably key differences when compared to Canada-wide data. Highlights include:

- Retail trade is Saskatchewan's most significant sector (12% of all small businesses). Within small retail businesses, 11% are defined as micro and 16% as mature businesses. All of these figures exceed national averages (11%, 10%, and 15% respectively). **Retail is a strong, stable sector in Saskatchewan.**
- Construction (10% of all small businesses) and healthcare and social assistance (9%) were also prominent and aligned with national trends. **Construction is at the core of Saskatchewan business.**

## The Lingering Impact of COVID-19

The COVID-19 pandemic's impact on small businesses in Saskatchewan continues – and varies across sectors. Healthcare and social assistance remain strong, and mature small businesses rose 2.79% in total, driven by ongoing demand for specialized and other services. In contrast, food services and drinking establishments saw smaller increases in micro (0.62%) and overall small firm numbers (0.48%) as mature businesses contracted (down 1.02%). This unique reality reflects challenges attributed to clientele, process, inability to transform (digitally or to evolving tastes) and more. The pandemic also affected retail trade in a mixed way with overall small business numbers growing (up 0.34%) as mature firms declined (down 0.05%). Finally, businesses in the arts, entertainment and recreation sectors minored the recovery as mature businesses were up 0.25% with consumers returning to leisure activities as lockdowns lifted.

## Looking Ahead

Yet, the effects of the pandemic linger, and small businesses must adapt. Healthcare will likely remain robust – owing to new expectations from the public and other factors – while food services and retail face further challenges, reductions and consolidation as costs and competition rise. The shift toward digital adoption will be critical for businesses to embrace (or not) as ecommerce and technology become standard customer demands. Looking ahead, it is the agile, innovative firms that will thrive as consumer behaviors ebb and glow, and economic conditions improve alongside interest rate and other challenges.



- Healthcare and social assistance in Saskatchewan more mature businesses (13%) than the national average (10%). Reasons might include Saskatchewan's aging population and the resulting demand for larger healthcare and social assistance service as well as the province's investment into social supports. Beyond this, Saskatchewan's lower population density (two major cities and many smaller, dispersed communities) likely encourages centralization of services for cost provisions, efficiency and to serve larger geographic areas. **Mature and value-add, healthcare and social assistance support Saskatchewan's people.**
- Food services and drinking places have fewer small businesses (only 5% of total small businesses in the province), but a significant portion are mature (11%), highlighting the resilience of this sector. **Saskatchewan customers are loyal and stable for food services.**

Other industries like professional services and wholesale trade present lower overall representation in Saskatchewan, while remaining closely aligned with national averages.

In summary, Saskatchewan's small business landscape mirrors most national trends across industries, while wielding a strong emphasis on retail, construction and healthcare sectors.

## Sector and Trend Analysis

Our investigation also conducted analysis of five-year business growth data for Saskatchewan and its industries (June 2019 to June 2024) to uncover and highlight trends driven by economic conditions (e.g. pandemic, inflation and labour shortages). The following trends below are similar to those observed nationally:

### Key Sectors and Trends

- Healthcare and social assistance saw significant growth in all business size categories, especially mature (2.79%).
- Food services and drinking places expanded in small and micro business categories (0.48% and 0.62%, respectively), while mature businesses shrank 1.02%. This suggests challenges for long-standing establishments due to economic factors, increased competition, customer loyalty, access to capital / liquidity and other issues.
- Retail trade, overall, was stable in small and micro business segments (up 0.34% and 0.36% respectively) as mature businesses held (down 0.05%).
- Professional, scientific and technical services showed minimal, if positive growth (0.18%) in smaller businesses and in micro businesses (0.24%) as mature businesses declined (-0.16%).
- Arts, entertainment and recreation experienced minor growth across all categories, including mature businesses (up 0.25%) driven by increased consumer demand for leisure activities.

## Labour Gap and Solutions

EDR's **State of Labour in the GRA** report (2023) revealed a job vacancy rate of 3.6%, a \$54M loss in potential provincial income tax, and an unmet annual GDP potential of \$878M for the GRA. This reality has profound implications for Saskatchewan's significant small businesses realm – 98% of all businesses in the GRA and Saskatchewan.

The GRA's skills gap has and will have profound impacts. Operational constraints from labour shortages mean limits to expansion to maintain day-to-day operations and to meet rising demand. Wage pressures, boosted by recent minimum wage increases, mean that small firms that already compete for skilled workers, must now allocate more resources to wages, squeezing profit margins and growth before, potentially, pushing higher costs on to consumers. Labour gaps also mean delays to growth: estimates suggest labour shortages could cost small businesses \$50M to \$90M annually, representing 6 to 10% of the GRA's unmet GDP potential.

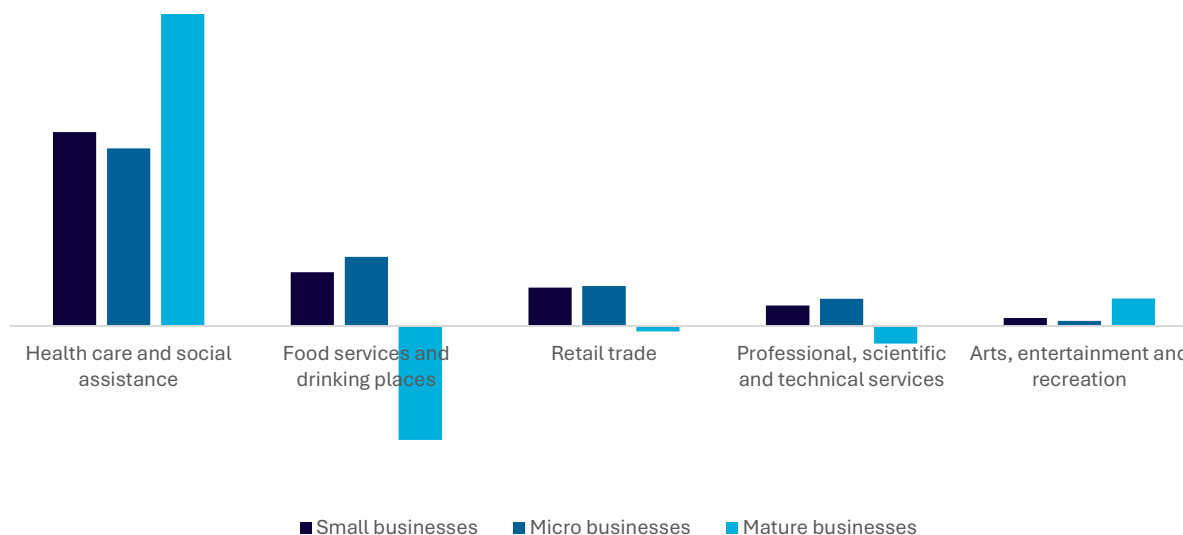
Local, provincial and national initiatives to address the labour gap are ongoing and planned and will encourage growth. These include EDR's talent attraction initiative and support of entrepreneurship; Saskatchewan's Immigrant Nominee Program (SINP); and Canada's Express Entry. Combined, these actions will play vital roles in attracting skilled workers.

All told, wage pressures and ongoing labor shortages highlight the need for continued support at the local, provincial and federal levels to ensure small businesses can thrive.



Overall, sectors like healthcare showed resilience, while resource-dependent, service-oriented and higher barrier-to-entry sectors saw varied performances depending on business size.

**Figure 5: Top 5 Saskatchewan industries with highest growth small businesses growth (2019 to 2024)**



## Outlook: Strong, Diverse and Expanding

Saskatchewan's small businesses are concentrated in retail trade, construction and healthcare, mirroring broader Canadian trends. Retail leads in overall (12% of all small businesses) and mature firms (16% of all mature businesses), indicative of a well-established market. Construction, with 10% of all small businesses, and healthcare with 9% both contribute significantly economically, while healthcare held a higher proportion of mature businesses (13%). Despite representing an overall smaller portion of all small businesses (5%), food services also remained strong and mature (11%), an indicator of stability in consumers, demand and value of service offering.

Finally, the distribution of micro businesses closely follows small business trends and similar findings for retail and construction.

Overall, Saskatchewan's small business sector remains diverse and strong, particularly in key industries, while also suggesting promise for a growth future across all sectors due to a loyal consumer base and a dedication to it, rising levels of innovation, including digitally, and a pledge to delivering valuable services.



## THE STATE OF SMALL BUSINESS IN THE GRA



## Small Business in the GRA

Small businesses in the GRA emulate those in Saskatchewan and Canada: they are the foundation of the local economy.

As elsewhere, the GRA's small businesses contribute to and advance innovation, employment and community development, representing nearly all (<98%) of local business. They are critical to the local economic fabric, spanning essential sectors – agriculture, retail, manufacturing, technology and services – and showcasing local and diverse economic delivery and capability.

Despite economic challenges, market volatility and pandemic impacts (then and now), small businesses remain resilient, adaptable and productive (See Figures 8 and 9).

Local government has played a crucial role in this ecosystem, supporting business through initiatives like grants, low interest loans, lower tax rates and other programs aimed at fostering growth, aiding stability and advancing key issues like digital transformation. Combined, support and inherent strength and growth mean small businesses in the GRA continue to deliver, overcome obstacles and capitalize on opportunities.

### Key Findings

For this report, the GRA is defined as and aligned with Statistics Canada boundaries. The area includes the City of Regina and surrounding communities like Balgonie and the RM of Sherwood No.159 (see Figure 6).

Using this area, the GRA has 8,506 small businesses, of which 7,587 are in the City of Regina, including 986 mature firms. The region also includes smaller communities like the RM of Edenwold No. 158 and Town of White City, home to small businesses (203 and 134 respectively) and a higher concentration of micro businesses – an indicator of newer or smaller-scale enterprises ripe for growth.

When focusing on mature businesses, the City of Regina remains the leader in the GRA, reflecting a more developed economic landscape and a characteristic similar to comparable urban centres like Saskatoon and other major cities across Canada.

The GRA's business landscape also reflects trends seen provincially and nationally, trends that drive larger centres and their economic activity. Conversely, when analyzing smaller communities, it was found that they are more likely to attract emerging businesses than mature ones, likely owing to lower taxation rates, less expensive real estate and services, and other factors (e.g. agriculture businesses, predominately farmers, are a major component of micro businesses across smaller communities in Saskatchewan).

### Innovation + Resilience: Small Agribusiness in the GRA

At the heart of <80% of Canada's best farmland, the GRA is strategic important for agriculture and new forays into agtech, which is thriving by innovative firms and a support system of capital and programs.

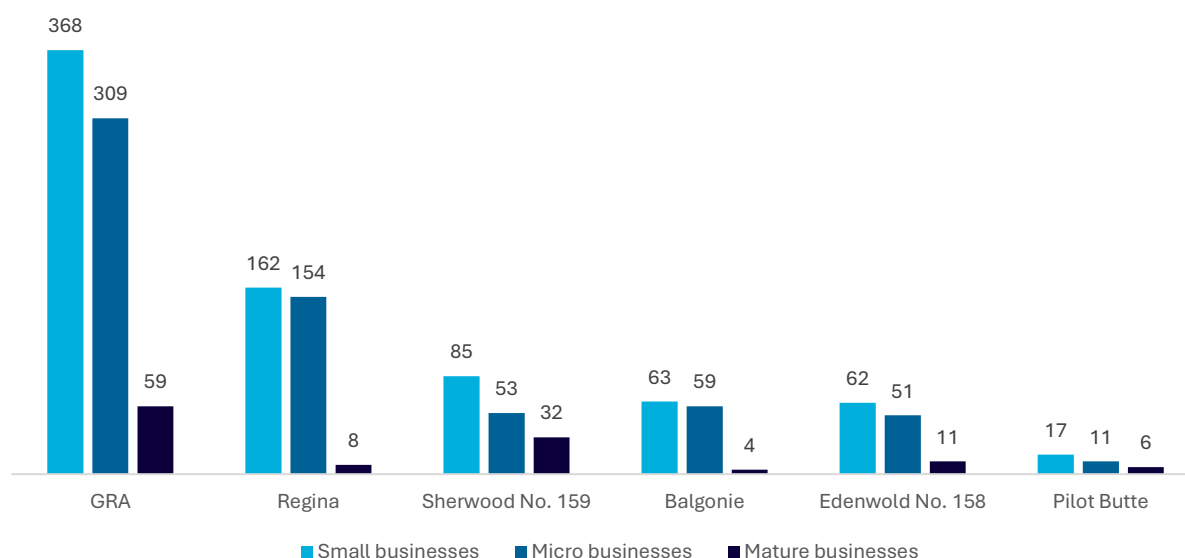
**Precision AI**, based in the GRA and with a global workforce, won secured \$20M (2021) to advance its AI-powered drones for precision herbicide spraying. The technology reduces chemical use by 95%, saving farmers approx. \$52/acre annually. Selected for John Deere's 2023 Startup Collaborator program, Precision AI is revolutionizing spraying with cost-effective and environmentally friendly solutions.

**Ground Truth Ag**, also in Regina, raised \$4M in 2022 to advance its real-time grain analysis technology. Its AI-powered system standardizes grain grading across the supply chain, improving efficiency and producer decision making, while cutting grading time by 80% and remaining consistent and accurate for Canadian wheat and lentils.

In support, Conexus Credit Union's **Agtech Accelerator** (see Page 38), provides access to capital, mentorship and networks to foster start-ups and innovation in agtech.

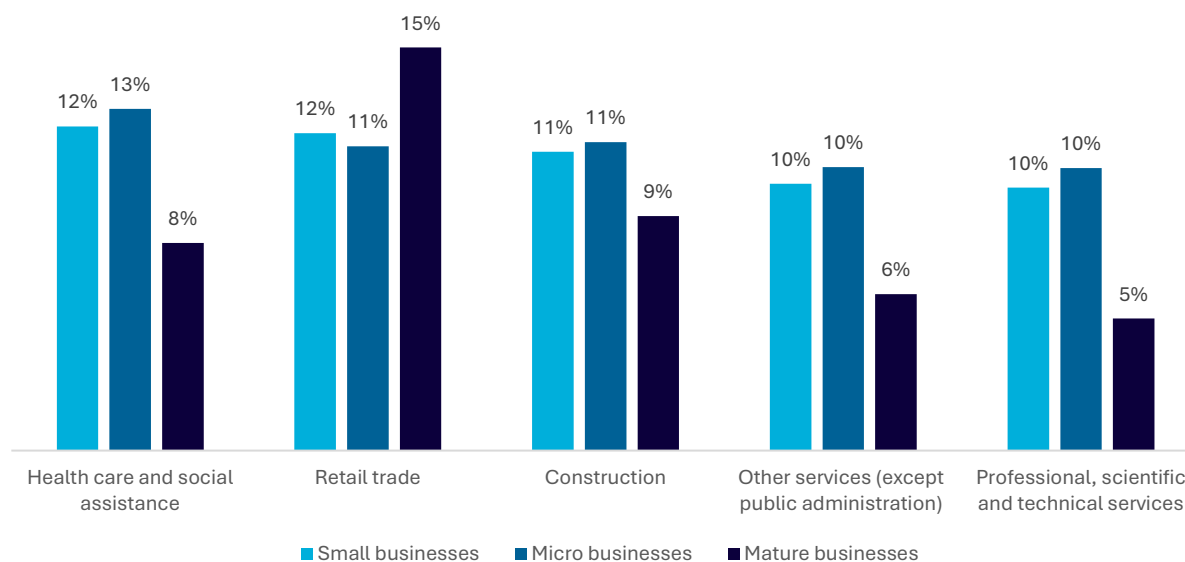
Combined, these efforts and results align with global market trends that project \$18BN in revenue in agtech for 2024 and further growth potential. All told, the GRA's agtech start-ups and programs are both enhancing local agricultural efficiency and reaffirming the GRA as a leader in sustainable agriculture and emerging technology.

Figure 6: Geographical distribution of small businesses in the GRA (Top 5)



Source: Economic Development Regina calculations, Statistics Canada.

Figure 7: Small business distribution by industry in the GRA (Top 5)



Source: Economic Development Regina calculations, Statistics Canada.

As with any community of any size, specific industries dominate the GRA small businesses landscape and resemble provincial and national trends (see Figure 7). This is noticeable in how retail trade, healthcare and construction lead small business participation. In the GRA, each of these sectors holds 11 to 12% of all small businesses, mirroring Saskatchewan and Canadian market results. Retail trade in the GRA is also prevalent in mature business (15%), matching the Canada-wide average and reflecting retail as an established sector in the respective market nationwide for common reasons (e.g. demand, customer loyalty, capital and skills requirements, other).

The GRA exhibits an interesting mix in healthcare and social assistance of micro businesses (13%) to mature enterprises (8%), suggestive of several factors, such as single employee health providers (i.e. in-home carers) as well as indicative of inherent costs associated that complicate evolution of micro business to mature ones (e.g. equipment, personnel and training, other).

Food services, despite only 7% of all small businesses, hold have a considerable share of mature businesses (16%), indicating stability and longevity (loyal, local clientele), overall lower wages pressures (e.g. servicing and kitchen staff as well as other entry level roles) and other trends consistent across Saskatchewan and Canada.

Overall, the GRA's industry distribution aligns with broader regional and national patterns with retail and healthcare leading the small business sector alongside strong representation within micro and mature business groups also.

The large presence of small businesses in the GRA is a positive indicator of economic resilience and health. It helps foster resilience within an economy exhibiting diversity (and encouraging more) alongside suggesting an economic climate less likely to all fail when economic disruption occurs. Moreover, a robust and growing smaller business ecosystem underpins a more adaptable and nimble local economy, one that can quickly respond to shifting local needs and customer preferences. Lastly, small businesses are also a major source of local employment that, through employees and directly, reinvest profits back into the community to promote economic growth within and outside the region.

## Digital Transformation on Retail in the GRA

Digital transformation (dx) is reshaping retail, including in the GRA, driving growth and resilience across sectors and notably for small businesses. Domestically, programs like the Canada Digital Adoption Program (CDAP), launched in 2022 is investing \$4B to support Canadian small businesses with grants to boost tech adoption.

In the GRA, **Local and Fresh** embodies this shift. Initially online-only, they added a physical store in 2023, while maintaining a robust digital presence that enhanced customer engagement and sales. This tactic is well aligned with a trend in consumer behavior towards being digital: Canadian ecommerce is projected to grow from \$76.1B in 2020 to an estimated \$140.5B by 2025 – an 84.6% rise – as demand for convenience and personalized shopping experiences rises.

Small firms in the GRA are well positioned to achieve this and more as they are nimble, have strong client connections, and can adapt and respond more quickly to digital trends compared to large firms.

By embracing digital marketing, ecommerce, and customer analytics, small firms meet evolving consumer demands and deliver personalized, innovative services to hold and enhance market position and loyalty. The CDAP supports this with grants (up to \$15,000 for a digital adoption plan) and zero interest loans (\$25,000 to \$100,000) from the Business Development Bank of Canada (BDC) to implement. The five-year loan at 0% interest by BDC underpins CDAP's strategy to accelerate digital transformation among Canadian SMEs.



## Outlook: Solid Foundations, Growth Potential

Business growth in the GRA, and its top five communities, as measured by new net small businesses (all, micro and mature) between 2019 and 2024 reflects common trends and activity. By community:

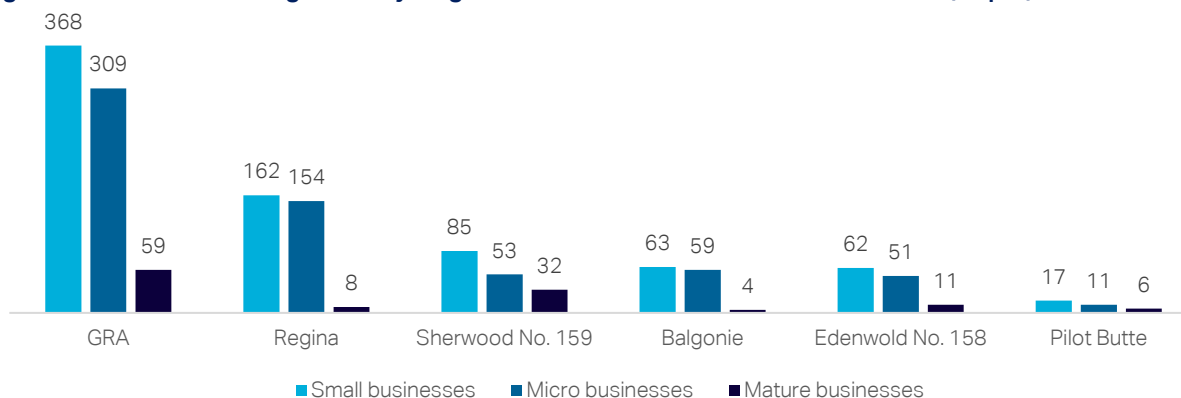
- **GRA<sup>1</sup>:** The GRA exhibits robust business activity with 368 new small businesses, 309 new micro businesses, and 59 new mature businesses. This illustrates a thriving environment for start-ups and small businesses, though fewer firms reach maturity, indicating challenges with scaling and/or sustaining long-term growth.
- **Regina:** Regina, the region's urban hub, has 162 new small businesses, 154 new micro businesses, and only 8 new mature businesses. Few new mature businesses, when compared to small and micro business figures, highlights a competitive landscape and potential difficulties for start-ups to establish themselves alongside mature enterprises as well as for micro businesses to evolve into mature ones.
- **RM of Sherwood No. 159 (Sherwood):** Offering a more balanced distribution, Sherwood is home to 85 new small businesses, 53 new micro businesses, and 32 new mature businesses. This illustrates a comparatively strong capacity for businesses to grow and be sustained long-term compared to other jurisdictions in the GRA, which is also indicative of a more stable environment for business growth.
- **Balgonie:** With 63 new small and 59 new micro businesses, but only four new mature businesses, Balgonie appears to offer a strong base for entrepreneurial ventures, but a weaker track record for businesses hoping to transition into maturity. A clearly developing market with potential for growth, Balgonie will continue to grow if businesses can overcome early-stage challenges and solidify.
- **RM of Edenwold No. 158 (Edenwold):** This community displays a similar trend for growth with other small communities in the GRA: of its 62 small businesses, 51 are micro and 11 mature in nature. While the jurisdiction supports new business formation, a similar lower number of mature businesses suggests challenges in business longevity, growth the ability to compete and other factors.
- **Pilot Butte:** The smallest community in the GRA, Pilot Butte has the smallest total business growth with only 17 small, 11 micro, and 6 mature businesses launched in the period under consideration. However, and uniquely, the higher ratio of mature to micro businesses indicates a stabler environment that supports business survival that launch here as well as more reaching maturity when compared to other jurisdictions.

In summary, the GRA shows strong small and micro firms' growth with disparities in new micro businesses' ability to mature as Sherwood and Pilot Butte offer positive conditions for business sustainability. Deeper analysis of small business growth in the GRA by industry revealed interesting trends that have and continue to influence broader economic and industry conditions region-wide, including:

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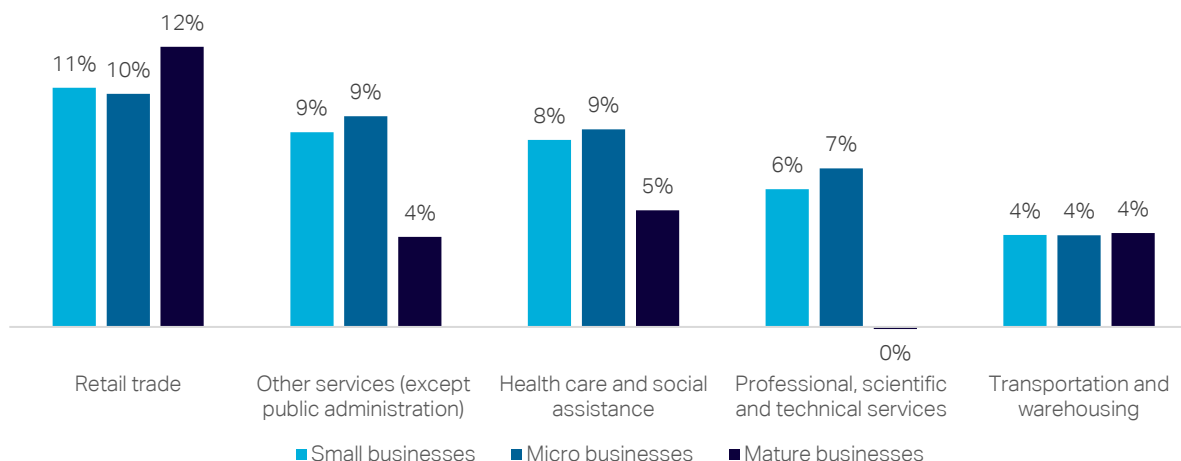
<sup>1</sup> The total figures listed may not add up to overall GRA figures as the data includes negative growth for certain communities within the region. See Appendix 7 for full data on business growth within the GRA.

Figure 8: Small business growth by Region in the GRA between 2019 and 2024 (Top 5)



Source: Economic Development Regina calculations, Statistics Canada.

Figure 9: Small business growth by Industry in the GRA between 2019 and 2024 (Top 5)



Source: Economic Development Regina calculations, Statistics Canada.

- Retail Trade:** The GRA's retail trade grew substantially: 11% in small businesses, 10% in micro businesses, and an impressive 12% in mature businesses. This is likely attributed to the rebound in consumer spending post-pandemic as well as retail businesses adapting to ecommerce and digital sales platforms, which have broadened their market reach, appeal and more.
- Other Services (except public administration):** This sector, which typically includes personal services, repair services, and non-profits, grew 9% in both small and micro businesses, but only 4% in mature businesses. This may reflect the sector's lower barriers to entry for small entities, but also challenges in scaling operations, possibly due to market size or funding constraints.
- Healthcare and Social Assistance:** The sector grew across all categories: small businesses by 8%, micro by 9% and mature 5%. The growth, likely driven by an aging population and increasing demand for health and wellness services, also experienced more moderate progress for its mature businesses, possibly owing to regulatory hurdles and significant operational costs when scaling.
- Professional, Scientific, and Technical Services:** This sector, heavily reliant on expertise and professional qualifications, rose 6% in small and 7% in micro businesses, but was stagnant for mature ventures. This trend could reflect the industry's high entry threshold for expertise and challenges to scale due to increasingly specialized and bespoke services. Technology options also introduce standardization and automation that encourage adoption for efficiency benefits by larger clientele.

- **Transportation and Warehousing:** This sector grew 4% across all business sizes, suggestive of an increase in global trade and ecommerce that require more logistics and distribution services. However, the consistent growth across all stages of small business maturity may also indicate steady market conditions supportive of entry and indicative of safe, but stagnant operations.

Overall, these trends suggest that the key sectors of the GRA's economy benefit from technological adaptation, changes in consumer behaviour (largely pandemic-driven), and demographic shifts that underpin pronounced growth, particularly among small and micro businesses. The uneven progress for mature businesses across most sectors may also indicate market saturation, the impact of competitive pressures or other limitations (labour force, access to capital, sufficient consumer market to support and sustain growth, other) that highlight the need for innovation and diversification in established companies.

## Farm-to-Table Dining and Local Food Businesses

The farm-to-table movement has momentum in the GRA with local restaurants progressively prioritizing fresh, locally sourced ingredients. Places like **Roots Kitchen and Bar**, **Circa 27** and **Crave Kitchen and Wine Bar** are leading the way, while **Skye Cafe & Bistro**, which grows its own vegetables and herbs onsite during the summer, are leading this, offering dishes that celebrate the best of Saskatchewan's farms.

This trend is in response to rising consumer preferences for transparent, sustainable and local-sourced ingredients from nearby producers that drive demand for farm-to-table dining experiences. The GRA's proximity to fertile farmlands, regenerative practices, new technology (indoor agriculture) and more allow restaurants to source ingredients, fresh meat, artisanal cheese, and seasonal produce (increasingly year-round) from nearby suppliers like **Jerky Boys Meats** (Lumsden) and **Grovenland Farm** (near Lanigan).

These connections both support local agriculture and enhance the city and region's culinary scene, drawing in residents and visitors. As a result, small, nimble local businesses can leverage close ties to suppliers and customers, offering a personalized dining experience larger chains cannot replicate, while also promoting and building upon progress in quality as well as boosting community engagement.



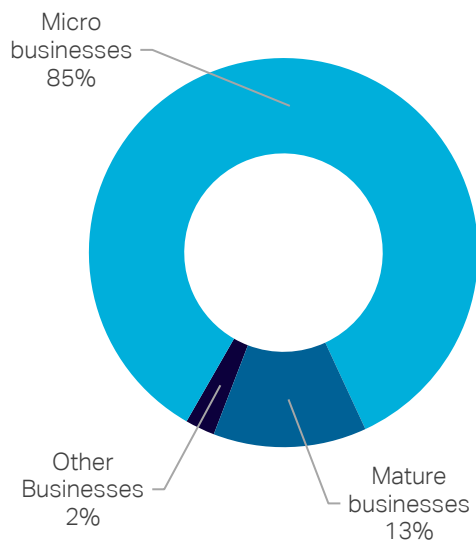
## Small Business: Data & Details

As we have seen, small businesses play a pivotal role in shaping economic landscapes, including in the GRA. There, small businesses serve the community alongside creating employment and driving innovation that advances local economic development.

Across industries, local small businesses also mirror and support key economic sectors. For the GRA, this means a marked focus on agriculture, energy, food and manufacturing alongside being the 'backbone' for common and unique product and service provision.

To achieve this, small firms navigate complexities like finance, resources, talent, regulations and competition to provide goods and services critical to their community's vitality.

**Figure 10: Distribution of small businesses in the GRA.**



Source: Economic Development Regina calculations, Statistics Canada.

Small businesses in the GRA comprise both the lion's share of the economy and its agents. This means success and challenges, both internal and external. In this section, research examines challenges in finance, resources and growth alongside outlining supports available, ranging from government grants and low-interest loans to programs (e.g. digital transformation) that, combined, impact and influence small businesses local and across Canada.

The analysis also outlines the importance of attracting and retaining talent and other ongoing shifts that small businesses must navigate to remain competitive in a rapidly changing economy.

For labour, and detailed information and insights into the GRA's labour and talent conditions, please refer to [EDR's State of Labour report](#), published in late 2023.

## Energy Efficiency and Small Business

Energy efficiency is a key focus for small businesses in the GRA, and this is supported by initiatives like [SaskPower's Commercial Energy Optimization Program \(CEOP\)](#).

Launched in 2024 and running until March 2027, the program offers technical, analytical and financial support to help all businesses reduce energy consumption and costs. With grants covering up to 90% of energy efficiency upgrades, local small businesses can significantly cut operational expenses, while contributing to environmental sustainability – a win-win situation.

Part of Saskatchewan's broader strategy to improve energy efficiency, the program benefits local businesses by making them more competitive, while also supporting other strong traits.

Small businesses, known to be agile, can also quickly adopt new technologies like LED lighting, smart thermostats, and energy-efficient appliances. Local providers like [Greenwave Innovations](#) are also present to support such local leadership. And, as consumers increasingly favor environmentally responsible businesses, energy efficiency measures both help reduce costs and enhance brand reputation.

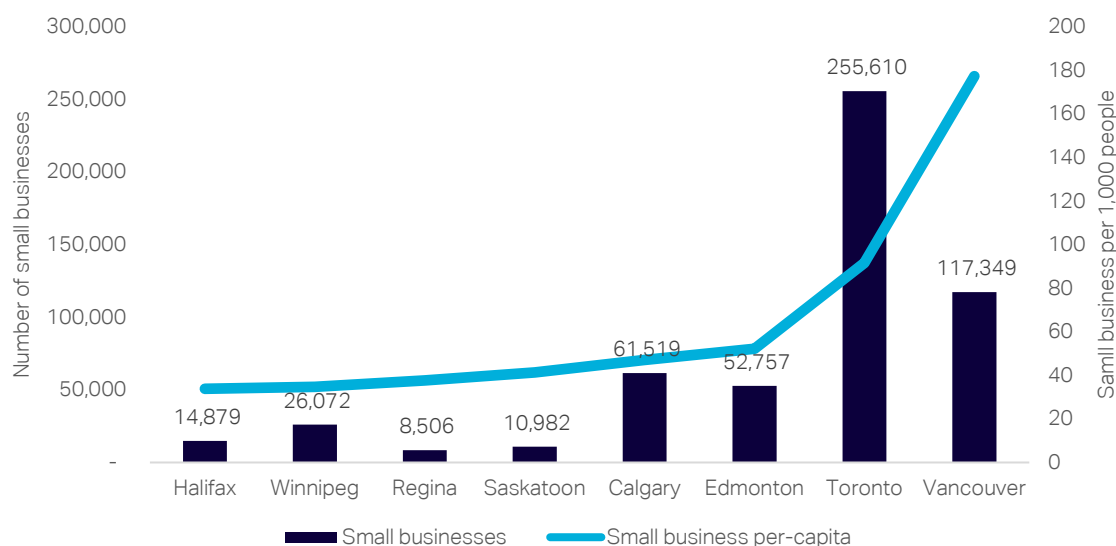
Altogether, the GRA's small businesses are positioned to take the lead, using close community connections to promote sustainable practices and inspire broader change across the local economy and Saskatchewan.

Recent data showed that the GRA has 38 small business per-capita (see Figure 11), placing the city mid-range when compared to other cities across Canada. Of note, two cities of immediate comparison – Halifax and Winnipeg – had slightly lower ratios (34 and 35 respectively), which indicates fewer small businesses relative to their populations.

In contrast, Vancouver and Toronto had much higher small business densities: Vancouver reached a notably high of 177, reflective of a sound small business environment relative to population size, while Toronto, a larger community, indicated a lower rate (91) – both significantly higher than the Canadian average of 38.5<sup>2</sup>. Likely reasons for the above average density in Vancouver and Toronto might include:

- **Greater urban concentration:** Large cities tend to have higher business densities due to larger markets and more diverse economic opportunities;
- **Broader economic diversity:** Major cities often have more varied industries, supporting a wider range of small businesses;
- **Higher population density:** Higher population concentrations common in major urban areas are better able and often do support more businesses per capita; and
- **Different regional economic policies:** Cities vary by their policies, incentives and support of small business, meaning some may have policies more favorable to small firm creation and growth.

**Figure 11: Small business per-capita among selected Canadian cities**  
(small businesses per 1000 people)



Source: Economic Development Regina calculations, Statistics Canada.

## Challenges

Beyond the cost of establishing and operating a small business (see Appendix: Cost of Being a Small Business), small firms in the GRA, and elsewhere, contend with challenges that can impede progress and sustainability. Of note, finance and operations are common and impactful.

In the following section, several are discussed in detail:

<sup>2</sup> Statistics Canada 2023. Note: the average figure (38.5) is for businesses of all sizes per 1,000 people over 18 years of age. While this includes medium (100 to 499 employees) and large companies (500 employees or more), the vast majority (97.8%) of businesses included in the study, and operating in Canada, were small (1-99 employees).



## Financing

Two pillars of small business are financing and operations. Securing financing has and remains a formidable challenge for small businesses in the GRA, as it does elsewhere, and this has worsened since the pandemic through inflation, supply chain issues, customer payments, and long-term lending criteria, plans, costs and more.

Traditional lending institutions can and often impose stringent criteria difficult for smaller firms to meet. This can be owing to limited resources, a higher risk profile (based on lower market and growth potentials) and business stability. For these and other reasons, small businesses might seek to secure and utilize various kinds of support. To access support, however, key criteria must be met and business must qualify for varied funding (e.g. business loans, lines of credit, other) that can include:

- **Business plan:** A comprehensive and well-structured business plan (outlining goals, strategy, financial projects, market analysis and more) is often a main criteria and requirement, but this can be difficult for small businesses to produce internally (e.g. time, expertise), thereby resulting in a cost to have external guidance complete;
- **Financial statements:** Commonly needed, small businesses may struggle to produce documents (e.g. income and cash flow statements, balance sheets) internally, resulting in a need for assistance from an external professional – at a cost. Similarly, new businesses may be asked to, but unable to provide, a credit score to meet and secure financing as they do not have sufficient records (none, limited duration) to produce a credit score or other information.
- **Assets and collateral:** Traditional lenders require collateral to secure loans, such as real estate, equipment and/or inventory. This may be a challenge for small businesses with no or few assets (e.g. leased property, limited equipment, focus on knowledge work) to offer protection to the lender in case of default. If unavailable, lenders may ask business owners for personal guarantees through collateral, funds or otherwise to secure financing, putting owners at a direct risk should challenges occur.
- **Industry and market conditions:** Small firms may also be asked to provide evidence of the overall health and stability of a business's intended industry, market conditions and positive projections to indicate opportunity as well as likely impacts to success, which can be difficult to generate internally.
- **Time, complexity and cost:** As suggested above and also suggesting a need for external support, the overall time, complexity and cost that small businesses may have to contend with from traditional lenders can be both a hindrance to the launch and success of their business as well as, when unable to secure financing, a considerable and lost cost outside any potential business success.

## Recent Trends in Small Business Financing

It is hard to express how important financing is for small businesses in spite of recent government support programs that remain, and those that have been phased out, alongside traditional lending practices.

With regards to government support, the Canadian Federation of Independent Business (CFIB) actively advocates for tax and cost relief for businesses across Canada, and in Saskatchewan. In Saskatchewan, they are aligned with the provincial government's 2024-25 budget that calls for the small business corporate tax rate to stay at 1%, or even fall to 0% - a platform reiterated in the 2024 provincial election.

For businesses in Saskatchewan today, a central challenge is rising costs: 17% of small businesses in Saskatchewan are actively considering closure as a result of this and other factors. Similarly, despite support during the pandemic, some 7,200 businesses in Saskatchewan missed the Canada Emergency Business Account (CEBA) loan repayment deadline in January 2024, reflecting ongoing financial struggles. Coupled with debt concerns that many businesses are trying to manage, this financial strain could exacerbate closures if left unaddressed.

## Initiatives, Priorities and Status

The balance and alliance of government initiatives with business priorities to support and enhance the status of small businesses in the GRA and Saskatchewan is a complex, contentious and ongoing challenge. The 2023-24 Saskatchewan Budget sought to stabilize business by removing any small business tax increases and reducing the tax rate (from 2% to 0% as in 2020). In mid-2023, however, the small business tax rate rose to 1% with suggestions were made of a return to 2% in 2024. These actions were ultimately abandoned, postponing plans to return the small business tax rate to 2% until June 2025.

While the actions and support provided some aid to businesses recovering post-pandemic, it created confusion and did not address knock-on, long-term, evolving business issues, including “new” business priorities. For example, in 2023, 93% of small businesses in Saskatchewan prioritized healthcare challenges, while 95% wanted rising costs addressed, 88% asked for reduced taxes and 87% wanted more reasonable labour policies. More telling, despite the support measures, post-pandemic recovery of small business remains slow. As of March 2023, only 50% of small businesses in Saskatchewan had returned to normal, pre-pandemic sales levels, suggesting further relief may be necessary.

Inside and outside government control, external factors like interest rates, and impacts and fluctuations, have and are compounding financial challenges, driving small businesses to borrow beyond feasible levels and/or at challenging rates. This can then manifest into negative outcomes that, when combined, greatly impact small firms’ borrowing, capital plans and even long-term viability.

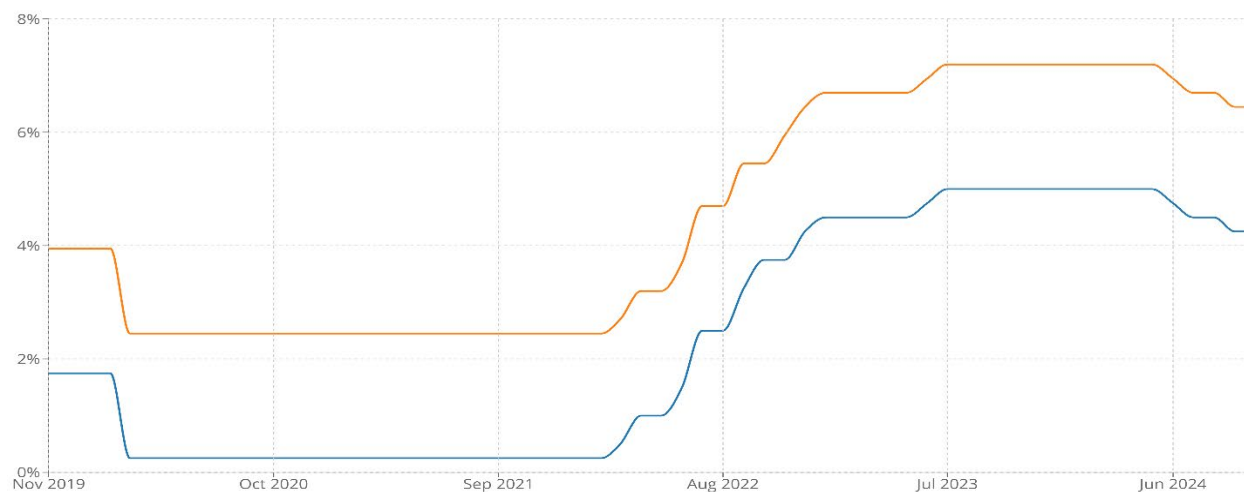
Lastly and specific to smaller cities, companies seeking financing in areas like the GRA often must navigate other unique obstacles like local capital limitations, higher borrowing costs and harsh(er) collateral requirements.

## Interest rates

Interest rates significantly impact small businesses by influencing borrowing costs and consumer spending. Higher interest rates increase loan costs, making it more expensive for businesses to finance operations, expansions, or new projects, thereby limiting growth and profitability among smaller firms.

At a time of high interest rates in Canada (Bank of Canada’s response to rising inflation), small businesses are often unable to access credit due to the elevated levels of loan servicing. Some recent business closures have been attributed to the high-interest rate environment. Additionally, higher rates can have a domino effect, leading to reduced consumer spending and impacted sales, while lower rates alternatively may boost consumer demand. See Appendices 10 and 11 for the expectations on business decisions due to interest rate increases.

**Figure 12: Bank of Canada Prime and Overnight Interest Rates (2019 to 2024)**



Source: Bank of Canada and Wowo.ca

## Inflation

Inflation is another contentious issue for all, particularly small, businesses. Persistent price increases more negatively affect small businesses – a result of increased costs to produce goods and services due to rising costs for required raw materials, for example – as they no longer squeeze profits, but also highlight price differences between small and large competitors, usually in the larger company's favour. Higher inflation also drives up operating expense like wages and utilities, making it more expensive to merely run a business.

As prices rise, businesses may adjust their prices accordingly to meet higher production costs and more, conversely affecting customers by reducing their purchasing power and cooling their demand. Lastly, inflation and interest rates, which are intertwined, raise borrowing costs for small firms seeking credit. Managing rising costs, while maintaining competitive pricing, is a major challenge for small businesses throughout their operations, but even more so during periods of high inflation, such as Canada is experiencing at present.

## Operations

Operationally, the affects of the pandemic continue to impact small businesses with many still struggling to recover revenue losses and grapple with repayment financing, notably emergency loan repayments to the Canada Emergency Business Account (CEBA) that were pushed in early 2024.

Small business operations also contend with the high costs of inflation as they squeeze profit margins and require price adjustments that can, and often are, unfeasible to remain competitive in an aggressive market. A short list of challenges affecting small firm operations in the GRA, and Saskatchewan, includes<sup>3</sup>:

- **Long COVID:** In the GRA, several businesses have shut down citing "economic long COVID" as a reason, including plant retailer Fat Plant Farm, Lancaster Tap House in Harbour Landing, and Warehouse Brewing.
- **Debt burden and loan repayments:** About 25% of businesses in Saskatchewan (approximately 7,200 small businesses) missed the CEBA loan repayment deadline on January 18, 2024;
- **Increased operational costs:** Businesses report price increases across the board, making it more expensive to operate, while also contending with property tax pressures that 65% of Saskatchewan small businesses mentioned as a reason for raising prices. Also, 27% firms admitted to delaying expansion plans due to increased costs, while 36% of owners shared that they have been unable to pay themselves a salary due to property taxes and other costs increases; and
- **Risk of further closures:** In Saskatchewan, 17% of small businesses are actively considering closure, reducing business hours or taking other drastic measures to weather financial pressures

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<sup>3</sup> <https://globalnews.ca/news/10276694/regina-local-businesses-struggling-after-covid-19/>;  
<https://globalnews.ca/news/10462578/ndp-blames-saskparty-for-loss-of-91-saskatchewan-businesses-2024/>

## Resources: Available, Broad, but Enough?

While previous section is somewhat pessimistic about financing for small businesses in Canada, this is, of course, only half of the story. Resources and support remain available to small businesses, and this section will highlight mechanisms, such as government grants, subsidies and alternative lending sources, which are accessible to help manage and weather struggles – and even to thrive. Other issues like the importance of financial literacy and strategic planning in overcoming hurdles, including opportunities to digitally transform and leverage ecommerce to broaden market reach and enhance competitive advantage, will be discussed. Finally the role of government and community organizations to provide resources and aid as well as training to small businesses to help steer through such challenges will also be detailed.

Small businesses struggle with long-term access, none or limited, to capital (except financing for operations) and short-term cash flow via late or non-payment by customers and partners. Research by Xero (Q1 2023) showed that Canadian small businesses were paid an average of 10 days late by customers (1.4 days more than 2022) and with an overall average time of 31.1 days to be paid – one day longer than the 2022 average and a reversal of positive trends where delinquency payment rates fell consistently since mid-2020. This is harmful. Late or non-payment for all sizes of enterprise are hard to manage and detrimental to operations and growth but, for small businesses, they can mean even more strain.

Overall, these and other negative developments create hurdles for small businesses in the GRA, Saskatchewan, and Canada in the post-pandemic economic landscape. A combination of costly, inaccessible and unrepayable debt, rising costs and inflation, labour shortages and reduced consumer spending paints a difficult picture for local businesses.

Financing and resource availability and affordability for small businesses is a major ingredient for success. Support can help manage issues – both day-to-day operational and long-term capital – and is essential to overcome challenges impacting viability, growth and sustainability. There is help. Government initiatives like the **Canada Emergency Business Account (CEBA)** provided relief during the pandemic, but many pressures are omnipresent and ever changing. Furthermore, some small business owners may still be unaware of available resources beyond government (like alternative funding) or may struggle with application processes, thereby worsening financial, operational, and even emotional strain.

Therefore, businesses need to strike a delicate balance between managing costs and maintaining competitive pricing that, with government support and resources, can pave a path to bolster present activities and build roads to opportunities.

## Financing and Capital Struggles in the GRA

Small businesses in the GRA continue to grapple with capital challenges post-pandemic. While CEBA repayment struggles from early 2024 were impactful, firms retain access to other support programs like the Highly Affected Sectors Credit Availability Program (HASCAP) that offer loans up to \$1M for businesses with significant revenue declines. The Canada Small Business Financing Program (CSBFP) also provides loans up to \$1.15M to help small businesses grow. Yet, despite these supports, many sectors in the GRA are still hurting.

The hospitality and retail sectors have been hit particularly hard. The GRA saw closures like Lancaster Tap House and Warehouse Brewing recently, which cited "economic long COVID" as a reason for shutting down. Rising operational costs further complicate recovery with some businesses reporting struggles with increased prices on essentials like inventory and utilities. Of note, the hotel industry has suffered \$88M in losses in the GRA, and several have been forced to downsize or reduce hours.

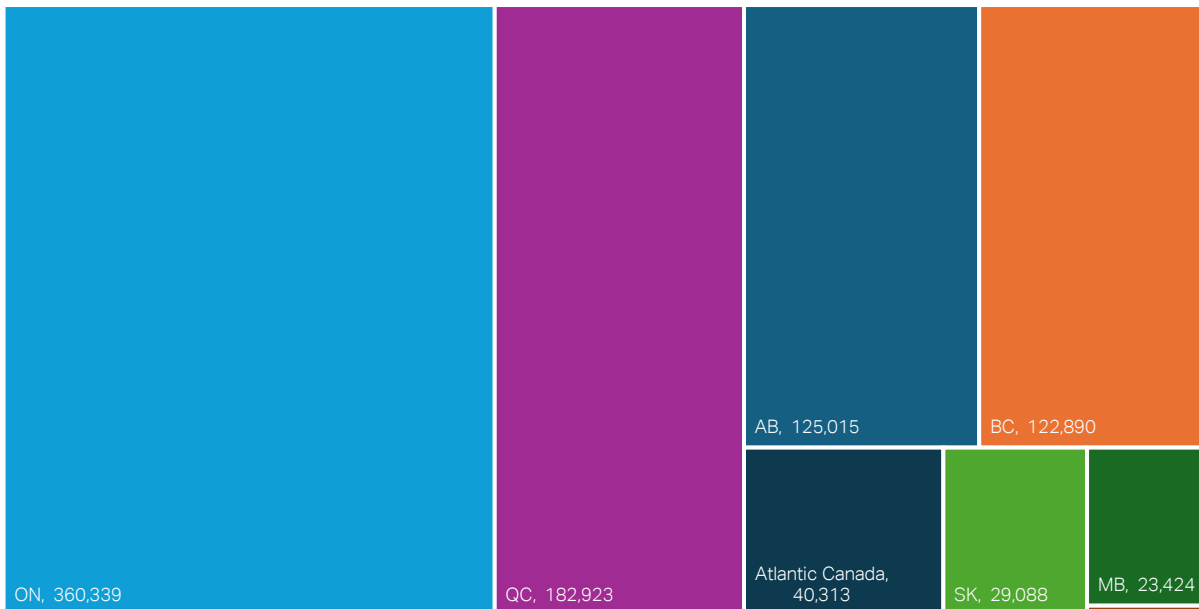
Meanwhile, sectors like technology and, specifically, agtech are faring better, buoyed by investments through local initiatives (see Agtech Accelerator) and rising local investment options and external appetite. However, these are an outlier, and refer to early-stage firms that, unlike small businesses in the GRA, have lesser demands on navigating rising costs and finding sufficient capital. For established small businesses, this remains a formidable challenge – now and for the uncertain future.

## Finance and Capital

As we have seen, securing funding or expansion capital can be difficult for small businesses without an established credit history, particularly especially micro and start-ups. Limited credit history, tight collateral requirements and higher perceived risks can restrict loan options and boost borrowing costs.

When the COVID-19 pandemic hit in 2020, the Government of Canada launched the **Canada Emergency Business Account (CEBA)**: up to \$60,000 interest-free loans to businesses and non-profits. While handy at a time for businesses as revenues faltered, businesses are now facing hard times repaying loans, and some have been forced to shut down or secure alternative credit (e.g. debt restructuring) to fulfil obligations under the CEBA.

**Figure 13: Regional distribution of CEBA benefits received (Number of businesses awarded)**



Source: Economic Development Regina calculations, Statistics Canada.

Ontario and Alberta had the highest approval rates for CEBA loans (71% of the applications received). Ontario dominated funding, receiving 40.8% of the total backing, followed by Quebec (20.8%). British Columbia followed with 57% of businesses approved but only 13.7% of the total funding. Lastly, Northern Canada had the lowest approval (36%) and funding (0.2%) portions.

Saskatchewan had a relatively high approval rate for CEBA loans: 68% of its businesses that applied for it were approved, above the national average and comparable to Alberta and Ontario (both at 71%). That said, only received 3% of the total CEBA funding was directed to Saskatchewan, again reflecting a smaller share of national business support and focus, but also overall impact. With 3% of Canada's total businesses, Saskatchewan's share aligns closely with Manitoba, which also represents 3% of national businesses, and both have similar funding shares at 3%.



## Talent

Thriving businesses are powered by talented employees, but for small businesses in the GRA, attracting and retaining talent can be challenging. The competitive labour market and the limited capacity of smaller businesses that offer lucrative, tailored or other compelling compensation packages place many small businesses at a disadvantage in the GRA and Saskatchewan.

The challenges extend beyond talent acquisition. Retaining skilled employees is equally critical to sustaining operations and driving growth as high turnover rates, particularly as living costs rise, strain both businesses and employees, leaving small business owners to innovate how they manage, reward, and retain their workforce. Addressing these issues is central to fostering long-term growth and ensuring the stability of the region's entrepreneurial ecosystem.

In brief, talent acquisition and retention are fundamental issues impacting small businesses in the GRA, but there may be suggestions for ways to succeed. These include:

- **Acquisition:** Talent acquisition is impactful as it can influence growth and competition – positively and negatively. Finding skilled employees can be challenging, and costly, in a competitive job market. Smaller firms can struggle to compete on salary and benefits with larger companies, limited chances to attract top talent. Recruiting and training new employees is also time-consuming, costly, and challenging. Small businesses can compete, and succeed, in talent acquisition through innovation, tailored support and more that can bring in the best people for a better chance at higher productivity and long-term growth.
- **Retention:** The other side, talent retention, is equally critical and a struggle for small businesses. Losing skilled workers disrupts operations and adds costs in recruiting and training replacements. High turnover can also affect team morale and productivity, negatively impacting service quality. The current high cost of living facing Canadians is straining small business employee retention as workers seek better means to afford basic expenses and prompt them to seek higher-paying jobs, while also reducing loyalty. Small businesses struggle to offer what current workers want (e.g. competitive salaries, benefits and more), often commonplace at larger firms. As such, small businesses can improve retention by creating positive work environments, offer professional development and advancement (small business growth should also include personnel growth, at various levels, not merely more entry-level positions) and by recognizing employee contributions to long-term success.

### Making the Case to Live in Regina: EDR's Talent Attraction Strategy

EDR's [State of the Labour Market in the Greater Regina Area](#) report outlined that the GRA is experiencing a shortage in skilled labour that is impacting the region's economic prosperity today and for years to come. The report pegs the cost of unfilled jobs in the GRA at close to \$500M.

The Government of Saskatchewan anticipates more than 135,000 job openings between 2022 and 2026, including 60,000 (46%) through economic growth – with almost 1 in 5 of those openings in skilled trades and transport.

With more than \$4B in announced capital investment for the GRA, and strong indicators of further potential more on the way, the GRA needs a targeted, long-term talent attraction strategy to address current and future workforce needs. And this requires a team effort to succeed.

To support its research, strategy development, and resulting marketing activities, EDR is now working with the Government of Saskatchewan on key talent attraction initiatives benefiting both GRA and the province. Launching in 2025, EDR is developing a data-informed, multifaceted strategy to identify and generate interest among prospective residents and drive inter-provincial migration.

## Competition

Small businesses in the GRA face local and external sources of competition that can impact market share and profitability. Some such competition includes:

- **Local competitors:** Other small businesses in similar industries, notably retail, food services, and professional services, compete for the same customer base within the GRA. Given its relatively small population, this means added difficulty for businesses seeking to enter and/or secure market share to bring in sufficient revenue and growth.
- **Franchise chains:** Large franchise businesses pose significant competition challenges as they benefit from wider brand recognition, larger marketing budgets, economies of scale and other strengths.
- **Ecommerce and online retailers:** With the rise of online shopping, especially post-pandemic, small businesses face competition from national and international ecommerce platforms (Amazon, Alibaba, Shein) that means competing on lower price, wider product ranges, shipping and more.
- **Larger regional players:** Mid-size and large regional companies in sectors like construction, manufacturing, or health services can compete with small businesses for contracts, talent, and customers, leveraging greater resources, multi-jurisdictions expertise and experience and more.
- **New market entrants:** The GRA's fast-growing and -diversifying population and economic growth are attracting new businesses, increasing competition across sectors like hospitality, real estate, and professional services and specialized offerings.

## Transition: What's Next for Small Businesses in the GRA?

**Research shows that 7 in 10** small businesses owners in Canada (76%) plan to exit their business in the next decade. This will vastly shift the local business landscape from planning (or not) to industry, sector and even macro economic repercussions at local, provincial and national community levels.

Business owners today are unprepared to seek a suitable buyer/successor for their business. Some 54% admitted to struggling altogether, while another 43% admitted that, even when plans exist, they had difficulties valuating their firm. Many other small businesses (39%) also confessed to overreliance on owners for day-to-day leadership, highlighting key person risk and more. The list goes on.

### The Big Issue: Succession Planning Gap

The biggest issue with transition planning is being without a plan: only 9% of small business owners in Canada had a formal succession plan in place, leaving 91% unprepared for impending transition. Being without a plan has also indirect implications of important, from potential job losses, business closures, and even delayed retirements, that are all too commonly overlooked.

A lack of business transition plans also can result in negative impacts around valuations and sale of businesses as costs like property taxes rise and could impact sales. In Saskatchewan, 65% of small business owners have raised prices to cover higher property taxes, 27% delayed expansion because of it and 36% shared challenges in paying themselves. All of this, whether in a transition plan (better) or not (worse), can unduly influence a limited pool of business buyers at a critical time. Short-term, this harms both day-to-day operations and finance, further reducing business valuations, depriving owners and dissuading potential buyers.

Some possible solutions and support include:

- [Employee Ownership Trusts](#)
- [Lifetime Capital Gains Exemption \(LCGE\)](#)

## Outlook

Small businesses in the GRA face significant, shifting and long-standing financial and operational challenges that impact viability, growth and sustainability. Access to capital remains a major hurdle, with most firms struggling to secure financing due to limitations, required external and costly guidance and due to operating in a smaller centre with limited options. Following the pandemic, businesses benefitted from the Canada Emergency Business Account (CEBA), which provided up to \$60,000 in interest-free loans, but many now face difficulties repaying these funds, contributing to closures and financial strain.

Rising interest rates have further complicated access to credit, with high borrowing costs hindering business expansion and reducing consumer spending. High inflation then compounded the issue, increasing operating expenses and squeezing already tight profit margins. Small businesses must balance raising prices to cover costs without losing customers, a delicate task in a highly competitive market.

The GRA's small businesses also face talent acquisition and retention challenges. With limited ability to compete on salary and benefits, small firms struggle to attract or retain top talent, leading to higher turnover rates, recruitment costs and issues around loyalty, stable success and sustained growth.

Compliance with local regulations – from tax obligations for GST and PST to workers' compensation premiums – adds additional complexity and administrative burden. The pressure from larger franchise chains, ecommerce platforms, and regional competitors exacerbates such strain as small businesses vie to secure, maintain and even expand market share and brand recognition.

Despite these challenges, opportunities do exist. Government grants, subsidies, and alternative lending options offer critical support, while digital transformation (dx) initiatives provide pathways for growth and competitive advantage – often more easily achieved by small, nimble groups. By leveraging these resources and traits and adeptly navigating financial, talent, and regulatory pressures, small businesses can continue to be vital contributors to the GRA's economy.

## Entrepreneurship: Then and Now

The entrepreneurial spirit in the GRA is deeply rooted in the region's history, characterized by resilience, innovation, and determination. From its early days of agriculture-focused businesses to the modern, diversified economy that now includes sectors such as agtech, food processing, energy, and manufacturing, the GRA has nurtured a culture of entrepreneurship that continues to grow.

Today, the GRA is home to more than 8,600 businesses that collectively contribute to the region's \$17.5 billion GDP (2022). This vibrant entrepreneurial ecosystem is supported by a variety of accelerator programs, such as the Cultivator powered by Conexus and the Agtech Accelerator, which draw talent and investment from around the world. Regina has consistently ranked as one of Canada's top cities for entrepreneurship, boasting low taxes, a supportive business environment, and accessible transportation, making it an attractive destination for start-ups and scale-ups alike.

While the history of entrepreneurship in Regina is a story of growth and opportunity, the landscape is evolving. Businesses are no longer confined to traditional industries but are expanding into technology, digital services, and global markets. This evolution brings both opportunity and complexity, as entrepreneurs face new challenges in scaling their operations, accessing capital, and navigating a rapidly changing economic environment.

### Past Research

In 2016, Economic Development Regina launched The Greater Regina Area (GRA) Entrepreneurship Strategy, a collaborative action plan backed by various stakeholders to promote and nurture entrepreneurial success. While Regina already offered many advantages, such as quality of life, a business-friendly environment, and access to global markets. Support for the entrepreneurial community was disjointed and facing gaps in its ecosystem, including limited access to business programs, mentorship, capital, skilled labor, and competitive business incentives.

In an effort to resolve these issues with an approach that focuses on our existing strengths, the strategy placed entrepreneurs at its center, coordinating collaboration among community organizations, and focusing resources where they would have the greatest effect. Key initiatives included establishing an entrepreneur-led Council for Entrepreneurship Growth, enhancing stakeholder cooperation.

Strengthening the ecosystem through new and enhanced resources including, centralized data, capital access, incubator spaces, and mentorship and networking opportunities. Increasing accessibility by providing targeted support for Indigenous people, women, youth, and newcomers. Lastly, building a unified culture of entrepreneurship, which promotes networking, educational partnerships, and celebrates local successes. Effectively the strategy was a call to action to build a strong foundation for the long-term vision that the Greater Regina Area is a top place in Canada to start and grow a business. A vision that later came to fruition in 2023 as Regina was then ranked by the Globe and Mail as the #1 most liveable city in Canada for entrepreneurs.

### Entrepreneurship Landscape in the GRA Today

In late 2023, EDR conducted an *Entrepreneurship Landscape Update* to assess the state of entrepreneurial support in the GRA. The research identified over 100 support programs available to local entrepreneurs, spanning various stages of business development—from early-stage start-ups to established businesses and high-potential companies.

Entrepreneurs in the beginning stages (those exploring market fit and developing business plans) and the established stage (businesses with a defined market and annual revenue below \$250,000) benefit from a robust ecosystem of support. A total of 62 programs are available for early-stage entrepreneurs, offering everything from advisory services to seed funding opportunities. Similarly, 30 programs cater to established businesses, helping them maintain market share and navigate operational challenges.

All the said, the research uncovered significant gaps in support for high-potential businesses—start-up and scale-up “gazelles” that are poised for rapid growth, many of which have completed accelerator programs. These companies, often in key sectors like agtech, cleantech, energy, and manufacturing, struggle to find the resources and physical space needed to scale their operations in the GRA. Out of the more than 100 programs available, only 12 specifically target high-potential businesses, most of which are delivered at a federal or nationwide level, leaving a substantial portion of this vital group without the necessary support.

Furthermore, the research highlighted the need for greater focus on underrepresented entrepreneurs, including women, Indigenous people, 2SLGBTQI+, BIPOC communities, and persons with disabilities. Although there are some targeted programs, support is often limited. For example, only eight programs specifically support women entrepreneurs, while just five cater to LGBTQIA2S+ entrepreneurs. This lack of tailored support further exacerbates the challenges these groups face in accessing capital, mentorship, and business development resources.

### **Globe and Mail: Regina is Canada’s Most Livable Cities for Entrepreneurs**

In a comprehensive analysis conducted at the end of 2023 by the Globe and Mail in partnership with Environics Analytics Group, Regina was ranked the most livable city in Canada for entrepreneurs. The study evaluated 439 communities across 43 variables, focusing on factors most important to entrepreneurs. Placing emphasis on economic conditions, low commute times, and low taxes, it also considered demographics, infrastructure, networking opportunities, transportation, and a supportive business environment.

Regina excelled in several categories. Particularly so in demographics, driven by recent population growth, projections for further expansion, and a diverse community. Regina also showcased strong financial health and income levels among residents, especially given the low cost of living. Additionally, receiving high marks for transportation, as reflected by the short commute times.

### **The City for Canada’s Entrepreneurs**

The GRA was recognized as the place for entrepreneurship, blending innovation, opportunity, and community-driven growth. In its report, the Globe and Mail ranked Regina top in Canada for entrepreneurs, crediting low taxes, short commutes, and a vibrant business ecosystem. Such accolades align with Economic Development Regina’s (EDR) strategies to establish the GRA as a hub for entrepreneurial growth in key and emerging sectors.

Despite accolades, challenges persist. High-potential start-ups and scale-ups can face limited access to mid-tier capital, with few entrepreneurial support programs (12 in 100) targeting scale-up or growth-stage firms. Additionally, underrepresented groups may also receive lower support (see elsewhere in this section) The capitalization gap pushes promising firms to larger markets, while unfilled jobs in the GRA – these represent \$428M in unrealized labour income (2023) – highlight the need for a robust talent pipeline.

Addressing these gaps through targeted incentives, expanded infrastructure, and inclusive support programs will ensure the GRA capitalizes on its entrepreneurial momentum. By prioritizing investment and innovation, Regina is poised to strengthen its role as Canada’s leading entrepreneurial hub, and EDR is a central advisor, supporter, promoter and informed partner to ensure that this happens.



## Gaps and Challenges

Despite the strong foundation of entrepreneurship in the GRA, several challenges persist, particularly for high-potential businesses and underrepresented groups.

- **Limited Support for High-Potential Businesses:** While early-stage and established businesses enjoy ample resources, high-potential companies—those looking to scale rapidly and attract significant investment—face a lack of tailored support. These businesses are often in need of physical space, Series A funding, professional services such as Human Resources, and connections with industry leaders, yet the programs available to them are few and underdeveloped.
- **Barriers for Underrepresented Entrepreneurs:** Women, Indigenous people, LGBTQIA2S+ entrepreneurs, and others from marginalized communities face unique challenges that are not fully addressed by the existing ecosystem. These groups often struggle with access to capital, mentorship, and networking opportunities, which hinders their ability to scale and succeed. The gaps in support for these demographics limit the diversity and inclusiveness of Regina's entrepreneurial landscape.
- **Real Estate Constraints:** A recurring issue for entrepreneurs is the availability of affordable commercial real estate. For start-ups and growing businesses, securing the right location can be a significant barrier, particularly for those in manufacturing and tech who require specific infrastructure. Expanding shared workspaces and offering incentives for property owners to provide affordable leases could alleviate some of these challenges.
- **Capitalization Gap:** The GRA faces a capitalization gap that impacts scale-up small businesses as local support is concentrated on early-stage start-ups and entrepreneurs (<\$1M), while major capital projects and prospects (>250M) actively garner large institutional, private sector and/or government backing that requires little local support. As a result, high-potential small businesses in early funding stages can struggle to secure growth capital locally, forcing them to consider relocation to larger markets. This exodus stifles the GRA's ability to retain innovative start-ups that drive job creation, industry diversification, and GDP growth. Building a vibrant, multi-stage investment ecosystem with rich, mid-tier funding could offer local entrepreneurs the chance to upscale locally, attract and retain talent, and anchor businesses in the GRA for short- and long-term prosperity.
- **Incentivization Gap:** The GRA lacks an open, varied and proactive incentive structure that supports entrepreneurs, start-ups, scale-ups and regional growth that offers various supports, such as tax breaks, grants, development funds and tailored support to attract and retain business. Cities like Calgary actively incentivize innovation with tax abatements and conversion grants, creating a more appealing environment for growth. The limited offerings leave local entrepreneurs with fewer resources to scale and offer little reason for those outside to seriously consider located in the GRA. Introducing targeted incentives, such as tax credits for R&D, co-working subsidies, lease-to-own, leaseback and development partnerships could help entrepreneurs thrive, while incentivizing others to consider the GRA and ways to participate in and elevate its \$17.5B GDP annual economy.
- **Talent Gap:** Entrepreneurs, start-ups and scale-ups in the GRA face recruitment gaps fueled by low job vacancy rate and \$428M in unrealized annual labour income. Groups struggle to attract and retain workers, with 37% of businesses citing recruitment and talent mismatches as reasons for stalled growth. Moreover, limited programs for training and talent retention limit entrepreneurial ventures from scaling efficiently. Addressing these with initiatives like start-up-focused talent pipelines and programs for skilled, technical workers could help secure talent needed to succeed.

## Recommendations and Outlook

To address these gaps and challenges, EDR has outlined several strategic recommendations aimed at fostering a more inclusive, innovative, and supportive entrepreneurial ecosystem in the GRA.

- **Elevate Support for Underrepresented Entrepreneurs:** EDR will continue to focus on elevating support for women, Indigenous, and youth entrepreneurs through existing initiatives and partnerships such as Think Entrepreneurship. These initiatives should be expanded to include targeted mentorship, funding opportunities, and educational resources that cater to the unique needs of these groups.
- **Develop Programs for High-Potential Businesses:** To bridge the gap in support for high-potential companies, EDR recommends the creation of new programs that provide tailored support, including access to capital, real estate, and strategic partnerships. A proposed "Business Builder" program would offer high-potential companies the resources they need to grow, including business advisory services, human resources consultants, legal and accounting support, and connections to investors.
- **Strengthen the Skilled Labor Pipeline:** By partnering with educational institutions and industry leaders, the GRA can address the skilled labor shortage by creating training programs that align with the needs of high-growth industries. Offering incentives for skilled professionals to move to Regina will also help attract and retain the talent necessary to drive business growth.
- **Expand Real Estate Solutions:** Efforts, from incentivized investment and development options to public-private partnerships, to increase the GRA's limited commercial and industrial location inventory is needed. Through expansion, strains on existing space will be alleviated, while extending the options to include more affordable commercial spaces, co-working hubs, and business incubators will better suite early-stage enterprises. Combined, such facilities are necessary for initial operations and for expansion plans, allowing entrepreneurs and start-ups as well as scale-ups and outside players to access, utilize and, through its use, leverage infrastructure to scale operations in the GRA. Incentives for property owners for flexible leases and shared spaces will also support growth.

Looking ahead, the future of entrepreneurship in the Greater Regina Area is bright. The GRA has a long history of fostering innovation and resilience, and with the right strategic investments, it is well-positioned to become one of Canada's top destinations for entrepreneurs and high-growth businesses. By addressing the current gaps in support and expanding resources for underrepresented and high-potential entrepreneurs, the GRA can continue to thrive as a hub of innovation, creativity, and economic growth.

## Need Over Want: The GRA needs a Transparent Business Registry for Data Insight

A transparent business registry could significantly benefit the GRA, unlocking insights and accountability crucial to economic growth planning and realization. The GRA would not be the first to create one. Business registries in the UK, Quebec, and other regions showcase how public access to basic business data can support investment, policy development, and trust in the business community.

### Other Jurisdictions

The [UK's Companies House](#) is the example of the value of free access to business data. With over 4M registered companies, Companies House offers limited details – ownership, location, some financial statements, directorships and more – that strengthens consumer and investor confidence and aids due diligence by reducing information gaps, while supporting government oversight and fraud prevention. Recently launched, [Quebec's Registraire des entreprises](#) provides similar access to essential business details to inform regional economic analysis and decision-making, though with a modest fee.

In Canada, other initiatives also reflect this trend. [Corporations Canada](#) now mandates transparency register submissions from federal corporations, accessible to the public with strict compliance requirements, while the [Government of British Columbia](#) plans a similar system. These accessible registries offer essential data for understanding trends, economic contributions, and sector health, especially in areas where small businesses account for a large share of GDP (most jurisdictions across Canada). In cities similar to St. John's, NL, where small businesses contribute between <35% of GDP, access to current data underscores the importance of data for accurate analysis, planning and policy.

### Benefits

A business registry in the GRA could offer similar benefits, provide insights into the region's small businesses, which contribute an estimated 35.1% of local GDP, and offer a somewhat first-mover advantage to investors, stakeholders, and researchers tasked with finding value for growth. Here, access to data facilitates due diligence and supports local business development. Furthermore, enhanced transparency would boost the profile of small businesses, helping them connect with partners and customers, as observed in regions with existing registries (see [World Bank](#) for examples).

### Concerns

That said, privacy and data security are valid concerns. In smaller jurisdictions like Saskatchewan, making business information public could introduce risks for owners. Currently, the Province of Saskatchewan does work through [Information Services Corporation \(ISC\)](#) for business licensing and a registry of sorts, but records are accessible by the public. Data protection alongside transparency is essential and a challenge, one that some have decided against: Alberta opted against a public registry due to privacy and administrative concerns (see [Government of Alberta](#) for more).

### Conclusion: A Powerful Tool

Ultimately, a balanced, transparent business registry for the GRA could empower economic resilience and better-informed decision-making. Learning from models like Quebec's, the GRA could achieve transparency, while respecting privacy, using data-driven insights to understand present issues and strategically forecast and plan for the future. Such an endeavour would support evidence-based policies, enhance investor confidence, and drive effective regional promotion, ensuring small businesses continue to strengthen the GRA's economy – the ultimate goal for all concerned.

## The Path Ahead for Small Business

As we look toward the future, it is clear that small businesses – from long established firms to bustling retail stores in the Greater Regina Area to innovative start-ups sprouting across Saskatchewan, form the bedrock of our economy.

This report has illuminated the significant role these businesses play in fostering economic vitality, driving innovation, and enhancing community cohesion. Their adaptability in the face of economic challenges, their pivotal role in employment creation, and their contribution to the cultural and social fabric underscore their integral position within both local and national landscapes.

### Realistic optimism

Looking ahead, there is both a sense of optimism and a recognition of the realistic challenges that small businesses will continue to face.

Economic fluctuations, evolving market demands, and technological disruptions will persist; however, the resilience and innovative spirit displayed by small businesses provide a strong foundation for future growth.

The projected expansion in sectors like agtech and cleantech, along with the emergence of yet-to-be-discovered industries, promise new opportunities for entrepreneurial ventures and established businesses alike.

### Lessons learned

Three pivotal insights from our analysis stand out and will significantly shape the future landscape of small businesses in the region:

- **Adaptation to Digital Transformations:** Small businesses in the GRA have quickly adapted to digital operations, not just out of necessity, but as a strategic move to enhance market reach and operational efficiency.
- **Economic Resilience Amidst Adversity:** Despite facing unprecedented challenges such as the COVID-19 pandemic and economic uncertainties, small businesses have demonstrated a remarkable ability to pivot and thrive, underscoring their critical role in economic recovery.
- **Emergence of New Business Ecosystems:** There is a growing trend of diversification within the small business sector, with significant growth in technology-driven fields such as agtech, which are setting the stage for future economic paradigms.

## The Future of Small Business in Places like the GRA

The future of small businesses in cities like the GRA is shaped by a mix of local dynamics and global trends.

Locally, the GRA saw a slight decrease in active businesses, with 6,150 in operation as of January 2024, down 0.15% from 6,159 the previous year. This may reflect broader challenges in Saskatchewan, where 875 businesses have closed since 2018.

Nationally, the Canada Digital Adoption Program (CDAP) aims to bolster small businesses with a \$4B investment to enhance digital capabilities. With consumer behavior increasingly favoring digital interactions, e-commerce growth has skyrocketed by 110% since 2020. Yet, financial pressures, rising operational costs, and increased competition from larger corporations remain significant hurdles.

Globally, opportunities lie in agtech, with revenue projected to reach US\$18B in 2024. Small businesses in small cities can leverage their agility, community connections, and ability to adapt quickly.

Embracing digital transformation, sustainability, and local sourcing trends can position them as leaders in niche markets. As community support remains strong, with 97% of independent retailers contributing locally, the focus should be on driving innovation, tapping into available funding, and turning challenges into growth opportunities.

By adopting a digital-first mindset, small businesses in Regina and beyond can thrive in a rapidly evolving global market.

- **Support business transition:** With 76% of Canadian small business owners planning to exit within the next decade, the lack of transition planning poses risks. The absence of a plan (91% of all business owners do not have one) overcomplicates and aggravates efforts to find successors, undermines business valuations, and ignores the "key person risk" rampant in small businesses where there is an over-reliance on owners to lead day-to-day operations. Rising property taxes add financial strain also reduce attractiveness to buyers, especially when transition plans are non-existent, unreasonable or inflexible. Solutions include offering succession planning resources, connecting retiring owners with successors, promoting options (e.g.) Employee Ownership Trusts), and expanding Lifetime Capital Gains Exemption to support better business changeovers.

## The Role of Entrepreneurs and Start-ups

As we carve out space for future discussions, it's essential to spotlight the burgeoning impact of entrepreneurs and start-ups, particularly in newly forming sectors that may soon become cornerstones of our economic infrastructure. These pioneers bring fresh perspectives and innovative solutions that challenge traditional business models and open new avenues for economic growth and sustainability.

## Engage and Innovate

In what ways can we, as a community, further empower our entrepreneurs and small business owners to not only navigate the challenges ahead but to redefine the possibilities of our economic landscape? This open-ended question invites stakeholders, policymakers, and business leaders to reflect on and actively participate in shaping a future where small businesses not only survive but thrive, driving us toward a prosperous, diverse, and sustainable economic future.





## Glossary

Business Registry:	A centralized database or listing that provides essential information about registered businesses within a specific jurisdiction. Typically maintained by government agencies or authorized entities, a business registry includes key details such as the business name, registration number, legal structure, ownership information, and operational status. Business registries promote transparency, support economic research, facilitate due diligence, and aid regulatory compliance by making certain business information accessible to the public or authorized users.
Entrepreneur:	According to the Business Development Bank of Canada, an entrepreneur is someone who starts or owns a business. Whether it's in farming, retail, manufacturing or in the service sector, entrepreneurs are businesspeople who find their success by taking risks. In their pursuits, they often become disruptors in established industries.
Small Business:	Statistics Canada defines small businesses as establishments with 1 to 99 paid employees.
Micro Businesses:	A sub-category of small businesses with 1 to 19 employees.
Mature Businesses:	A sub-category of small businesses with 20-99 employees.

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## Appendices

### Appendix 1: Industry distribution of small businesses in Canada

Industry	Small	Micro	Mature
Professional, scientific and technical services	12%	13%	7%
Construction	12%	12%	8%
Retail trade	11%	10%	15%
Healthcare and social assistance	10%	10%	10%
Other services (except public administration)	8%	9%	4%
Transportation and warehousing	6%	6%	4%
Food services and drinking places	5%	5%	13%
Real estate	4%	4%	1%
Wholesale trade	4%	4%	6%
Administrative and support services	4%	4%	4%
Manufacturing	4%	3%	8%
Finance and insurance	3%	3%	4%
Information and cultural industries	1%	1%	1%
Arts, entertainment and recreation	1%	1%	2%
Educational services	1%	1%	2%
Mining, quarrying, and oil and gas extraction	1%	1%	1%
Public administration	1%	0%	2%
Management of companies and enterprises	0%	0%	1%
Utilities	0%	0%	0%

Source: Economic Development Regina calculations, Statistics Canada.

### Appendix 2 : Small business growth by industry in Canada between June 2019 and June 2024

Industry	Small	Micro	Mature
Healthcare and social assistance	1.10%	9.20%	1.50%
Professional, scientific and technical services	0.39%	12.18%	1.00%
Construction	0.30%	11.92%	0.16%
Transportation and warehousing	0.22%	5.61%	-0.05%
Real estate	0.03%	4.30%	-0.24%
Educational services	0.02%	0.99%	0.03%
Utilities	-0.01%	0.09%	-0.01%
Public administration	-0.03%	0.41%	0.07%
Information and cultural industries	-0.04%	1.38%	-0.19%
Management of companies and enterprises	-0.04%	0.38%	-0.08%
Food services and drinking places	-0.06%	4.42%	-1.43%
Arts, entertainment and recreation	-0.08%	1.33%	0.02%
Manufacturing	-0.09%	3.18%	-0.44%
Administrative and support services	-0.09%	3.77%	-0.05%
Mining, quarrying, and oil and gas extraction	-0.13%	0.65%	-0.11%
Finance and insurance	-0.24%	3.25%	0.52%
Retail trade	-0.37%	10.47%	-0.10%
Wholesale trade	-0.44%	4.13%	-0.55%
Other services (except public administration)	-0.46%	9.25%	-0.04%

Source: Economic Development Regina calculations, Statistics Canada.

### Appendix 3: Industry distribution of small businesses in Saskatchewan

Industry	Small businesses	Micro businesses	Mature businesses
Retail trade	12%	11%	16%
Construction	10%	11%	8%
Healthcare and social assistance	9%	9%	13%
Other services (except public administration)	9%	9%	4%
Professional, scientific and technical services	7%	7%	4%
Food services and drinking places	5%	4%	11%
Wholesale trade	5%	4%	9%
Transportation and warehousing	5%	5%	4%
Finance and insurance	3%	3%	4%
Real estate	3%	3%	1%
Administrative and support services	3%	3%	2%
Public administration	2%	2%	4%
Manufacturing	2%	2%	5%
Mining, quarrying, and oil and gas extraction	2%	2%	2%
Information and cultural industries	1%	2%	1%
Arts, entertainment and recreation	1%	1%	2%
Educational services	1%	1%	2%
Management of companies and enterprises	0%	0%	1%
Utilities	0%	0%	0%

Source: Economic Development Regina calculations, Statistics Canada.

### Appendix 4: Top Saskatchewan industries recording the highest growth in number of small businesses.

Industry	Small businesses	Micro businesses	Mature businesses
Healthcare and social assistance	1.73%	1.59%	2.79%
Food services and drinking places	0.48%	0.62%	-1.02%
Retail trade	0.34%	0.36%	-0.05%
Professional, scientific and technical services	0.18%	0.24%	-0.16%
Arts, entertainment and recreation	0.07%	0.05%	0.25%
Educational services	0.04%	0.04%	0.04%
Management of companies and enterprises	0.04%	0.03%	0.04%
Wholesale trade	0.03%	0.19%	-1.56%
Utilities	0.01%	0.01%	0.01%
Manufacturing	-0.01%	-0.04%	0.15%
Information and cultural industries	-0.02%	-0.03%	0.01%
Public administration	-0.11%	-0.25%	1.06%
Finance and insurance	-0.17%	-0.30%	0.92%
Administrative and support services	-0.18%	-0.17%	-0.29%
Other services (except public administration)	-0.24%	-0.20%	-0.30%
Real estate	-0.31%	-0.29%	-0.43%
Mining, quarrying, and oil and gas extraction	-0.37%	-0.32%	-0.81%
Transportation and warehousing	-0.43%	-0.43%	-0.42%
Construction	-0.86%	-0.89%	-0.44%

Source: Economic Development Regina calculations, Statistics Canada.



#### Appendix 5: Geographical distribution of small businesses in the GRA

Jurisdiction	Small businesses	Micro businesses	Mature businesses
GRA	8,506	7,394	1,112
Regina	7,587	6,601	986
Edenwold No. 158	203	163	40
White City	134	125	9
Lumsden	98	86	12
Sherwood No. 159	96	61	35
Pilot Butte	88	79	9
Balgonie	70	64	6
Lajord No. 128	42	39	3
Craven	42	39	3
Regina Beach	41	36	5
Pense	34	34	0
Lumsden No. 189	19	18	1
Grand Coulee	18	18	0
Edenwold	14	14	0
Buena Vista	13	13	0
Belle Plaine	6	3	3
Pense No. 160	1	1	0
Disley	0	0	0
Lumsden Beach	0	0	0

Source: Economic Development Regina calculations, Statistics Canada.

#### Appendix 6: Small business distribution by industry in the GRA

Industry	Small businesses	Micro businesses	Mature businesses
Healthcare and social assistance	12%	13%	8%
Retail trade	12%	11%	15%
Construction	11%	11%	9%
Other services (except public administration)	10%	10%	6%
Professional, scientific and technical services	10%	10%	5%
Food services and drinking places	7%	6%	16%
Wholesale trade	5%	5%	6%
Transportation and warehousing	5%	5%	6%
Administrative and support services	4%	4%	3%
Finance and insurance	4%	3%	6%
Real estate	4%	4%	1%
Manufacturing	2%	2%	4%
Information and cultural industries	1%	1%	2%
Public administration	1%	1%	4%
Arts, entertainment and recreation	1%	1%	3%
Educational services	1%	1%	2%
Management of companies and enterprises	1%	0%	1%
Mining, quarrying, and oil and gas extraction	0%	0%	0%
Utilities	0%	0%	0%

Source: Economic Development Regina calculations, Statistics Canada.

#### Appendix 7 : Small business growth by Region in the GRA

Jurisdiction	Small businesses	Micro businesses	Mature businesses
GRA	368	309	59
Regina	162	154	8
Sherwood No. 159	85	53	32
Balgonie	63	59	4
Edenwold No. 158	62	51	11
Pilot Butte	17	11	6
Lumsden No. 189	9	11	-2
Grand Coulee	9	11	-2
Lumsden	4	0	4
Craven	3	5	-2
Regina Beach	2	2	0
Pense	0	0	0
Belle Plaine	0	0	0
Disley	0	0	0
Lumsden Beach	0	0	0
Buena Vista	-1	-1	0
Pense No. 160	-2	-2	0
Lajord No. 128	-4	-6	2
White City	-94	-87	-7
Edenwold	-127	-98	-29

Source: Economic Development Regina calculations, Statistics Canada.

#### Appendix 8 : Small business growth by Industry in the GRA

Industry	Small businesses	Micro businesses	Mature businesses
Retail trade	11%	10%	12%
Other services (except public administration)	9%	9%	4%
Healthcare and social assistance	8%	9%	5%
Professional, scientific and technical services	6%	7%	0%
Transportation and warehousing	4%	4%	4%
Real estate	3%	4%	1%
Administrative and support services	3%	3%	3%
Finance and insurance	1%	1%	2%
Food services and drinking places	1%	1%	-2%
Mining, quarrying, and oil and gas extraction	0%	0%	0%
Construction	0%	0%	0%
Public administration	-2%	-3%	3%
Arts, entertainment and recreation	-2%	-3%	1%
Management of companies and enterprises	-4%	-4%	-4%
Utilities	-5%	-5%	-6%
Wholesale trade	-5%	-6%	-2%
Manufacturing	-7%	-8%	-1%
Information and cultural industries	-8%	-8%	-3%
Educational services	-10%	-9%	-12%

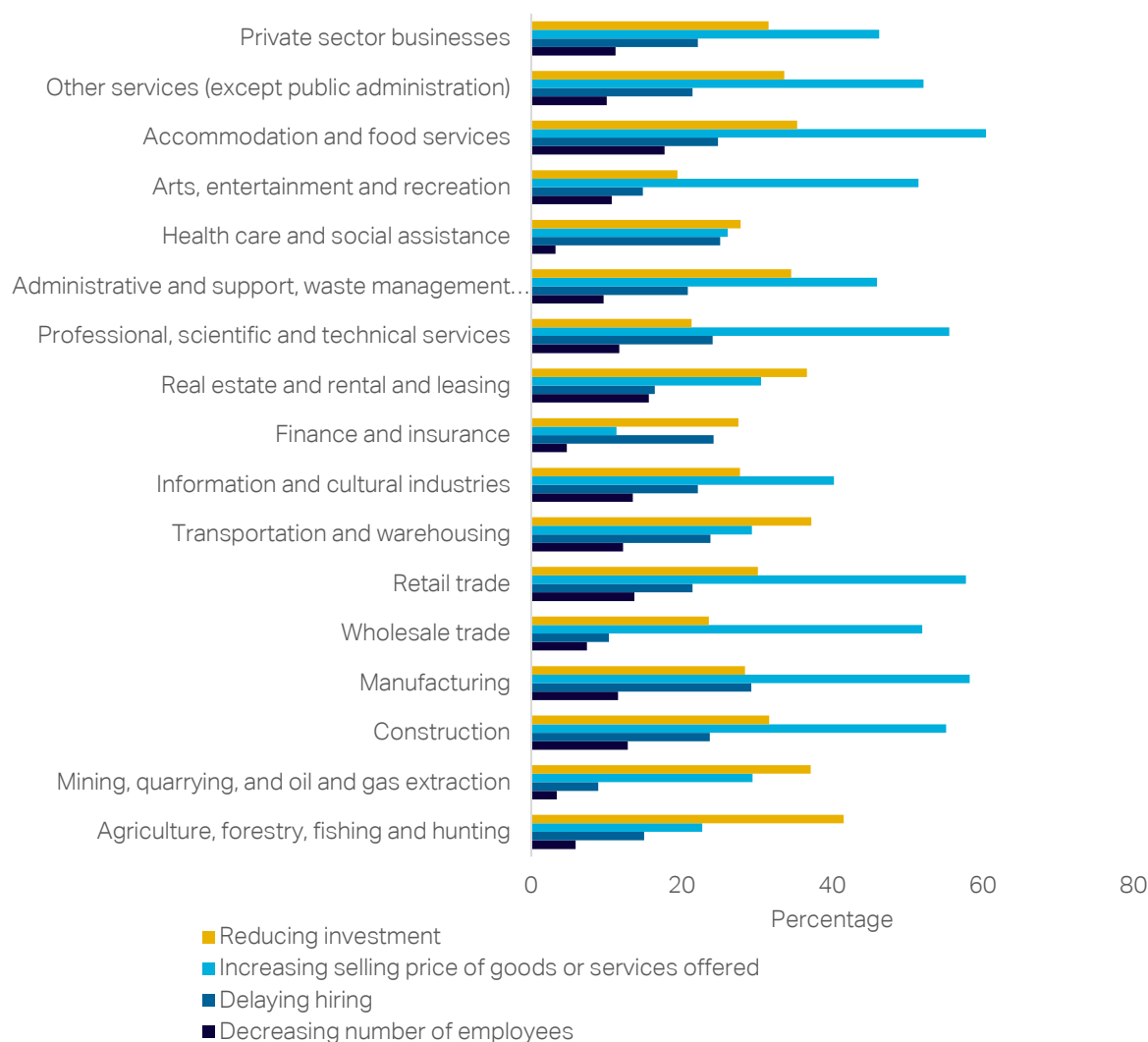
Source: Economic Development Regina calculations, Statistics Canada.

## Appendix 9: CEBA Statistics

Province or Territory	Number of businesses approved for CEBA loans	Total number of businesses in Canada	Portion of total businesses in Canada	Portion total business approved	Funding Approved for CEBA Loans and Expansions (\$ Millions)
AB	125,015	176,682	13%	71%	6,838
BC	122,890	216,314	16%	57%	6,645
MB	23,424	43,842	3%	53%	1,273
ON	360,339	509,194	37%	71%	19,732
QC	182,923	279,902	21%	65%	10,059
SK	29,088	43,020	3%	68%	1,600
Atlantic Canada	40,313	84,874	6%	47%	2,176
Northern Canada	1,535	4,249	0%	36%	82

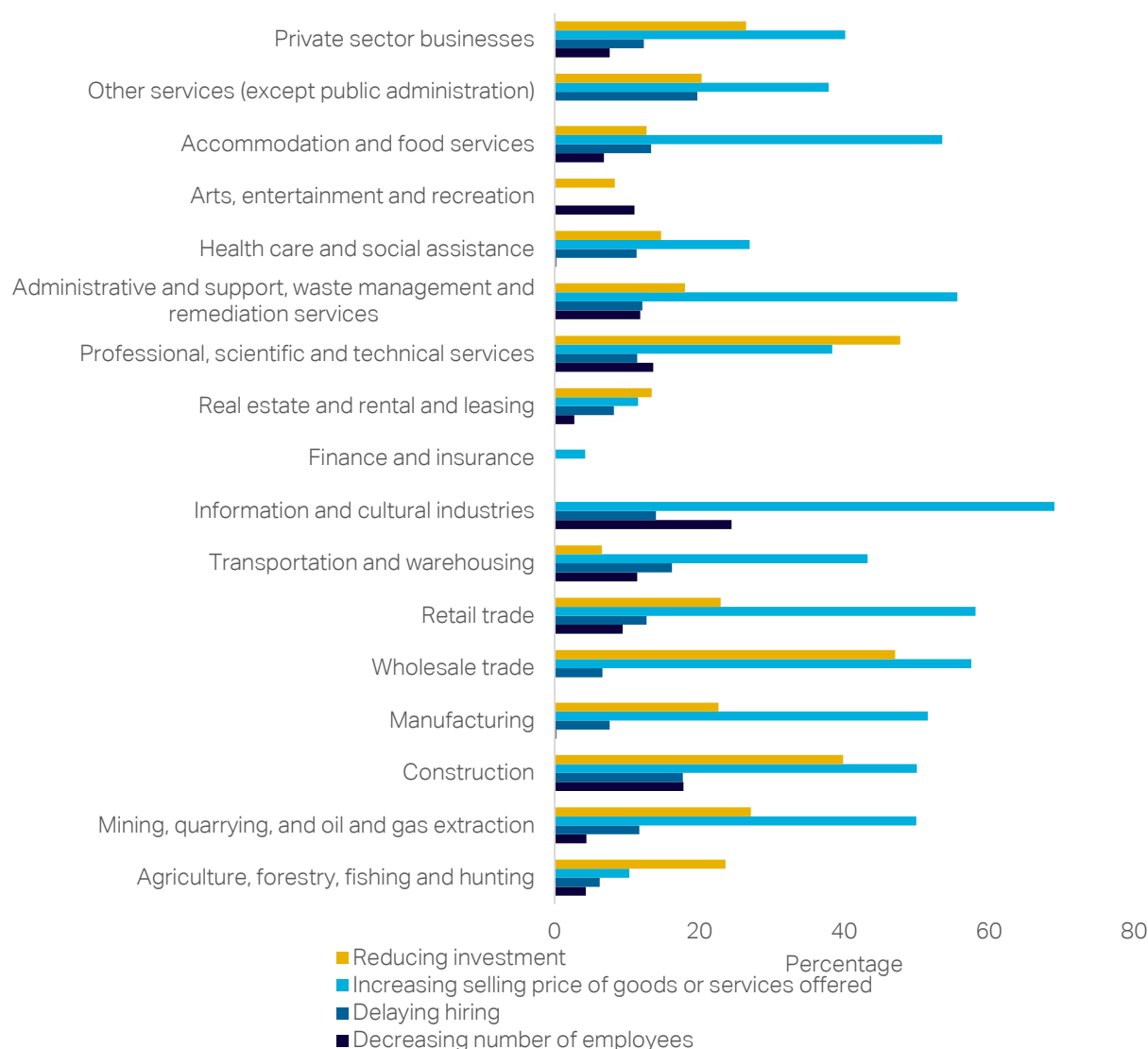
Source: Economic Development Regina calculations, Government of Canada.

## Appendix 10: Expectations of business decisions as a result of increased interest rates: Canada



Source: Economic Development Regina calculations, Government of Canada

## Appendix 11: Expectations of business decisions as a result of increased interest rates: Saskatchewan



Source: Economic Development Regina calculations, Government of Canada

## Appendix 12: Small business distribution among selected Canadian cities

Jurisdiction	Total businesses	Small businesses	Micro businesses	Mature businesses
Halifax	15,253	14,879	12,752	2,127
Toronto	261,163	255,610	231,251	24,359
Winnipeg	26,740	26,072	22,396	3,676
Regina	8,721	8,506	7,394	1,112
Saskatoon	11,220	10,982	9,528	1,454
Calgary	62,846	61,519	55,039	6,480
Edmonton	53,982	52,757	46,770	5,987
Vancouver	119,586	117,349	104,838	12,511

Source: Economic Development Regina calculations, Government of Canada.

## Regulations: Cost of Being a Small Business

Operating a small business in the GRA involves navigating complex regulations, tax obligations and competitive pressures. Compliance with federal and provincial regulations – from business registration to taxation and health and safety – is critical for legal and smooth operations. Yet, these requirements often place an administrative burden on businesses, diverting time and resources away from core activities. Tax obligations, including GST, PST, and payroll taxes, add further complexity, requiring meticulous financial management. Alongside regulatory challenges, small businesses must compete, often fiercely, locally and globally. Larger franchises, e-commerce giants and new market entrants all vie for the same customer base, intensifying competition for market share and profitability. Balancing these compliance, tax, and competitive pressures is vital for the continued success of small businesses in the GRA.

The following section explains, at a high level, challenges that small businesses of all sizes contend with in the GRA from compliance to taxes and competition.

### Compliance

Small businesses in the GRA must adhere to several compliance requirements to operate legally and responsibly. These requirements include:

- **Business Registration:** Small businesses in the GRA must register with the Saskatchewan Corporate Registry if they are operating under a name other than the owner's legal name. This applies to sole proprietorships, partnerships, and corporations. Depending on the business structure, federal or provincial incorporation may be necessary.
- **Taxation and GST Registration:** Businesses with revenues exceeding \$30,000 in a calendar quarter or over four consecutive quarters must register for a Goods and Services Tax (GST) account with the Canada Revenue Agency (CRA). They must also collect and remit GST from customers and file regular GST returns. Provincial taxes, such as the Provincial Sales Tax (PST), also apply to certain goods and services and must be paid to the Saskatchewan Ministry of Finance.
- **Employment Standards:** Small businesses employing staff must comply with the provincial Employment Standards Act. This includes adhering to minimum wage requirements, paying overtime, managing vacation pay, and providing appropriate notice periods for terminations. Employers must also maintain proper records of hours worked, pay, and deductions.
- **Workers' Compensation Coverage:** Small businesses are required to register with the Workers' Compensation Board (WCB) if they employ workers. This provides workplace injury insurance for employees and ensures that employers are protected from lawsuits related to workplace injuries.
- **Health and Safety Compliance:** All businesses in Saskatchewan must comply with the Occupational Health and Safety (OHS) Regulations, ensuring the workplace is safe for employees. This involves identifying potential hazards, providing safety training, and following safety protocols to prevent accidents and injuries.

Meeting these compliance requirements is essential for small businesses to avoid penalties and ensure smooth operations.



## Tax System

Small businesses operating in the GRA are subject to several tax requirements at both the federal and provincial levels. Below are the key tax obligations:

- Income Tax
  - **Corporate Income Tax:** Incorporated small businesses must file corporate income tax returns annually with the Canada Revenue Agency (CRA). In the GRA, small businesses that qualify for Saskatchewan's small business deduction are taxed at a reduced rate (0% on the first \$600,000 in active business income). Income above this threshold is taxed at the general corporate income tax rate (12%) provincially, in addition to the federal rate (15%), for a combined 27% tax rate.
  - **Personal Income Tax:** For sole proprietorships / partnerships, business income is reported on the owner's tax return and subject to individual income tax rates for Saskatchewan and Canada. Deductions for business expenses are allowed to reduce taxable income.
- Goods and Services Tax (GST) and Provincial Sales Tax (PST)
  - Small businesses with annual revenues over \$30,000 must register for a GST/HST account with the CRA. Saskatchewan's GST is 5%, which businesses must collect from customers on most goods and services to then file regular GST returns (monthly, quarterly, or annually depending on revenue) and remit the collected GST to the CRA.
  - Saskatchewan's PST is 6% and applies to most goods and certain services. Small businesses that sell taxable goods or services must register with the Saskatchewan Ministry of Finance, collect PST from customers and remit it to the province. PST returns must also be filed regularly (monthly, quarterly, or annually) based on the business's sales volume.
- Payroll Taxes
  - If a business employs workers, it must deduct income tax, Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums from employees' wages. The business is also responsible for remitting these amounts, along with the employer's share of CPP and EI, to the CRA.
- Workers' Compensation Premiums
  - Businesses with employees are required to register with the Saskatchewan Workers' Compensation Board (WCB) and pay premiums based on their industry classification and payroll. These premiums fund workplace injury insurance for employees.

Failure to meet these tax obligations can result in audits, penalties, interest charges or other legal consequences, making tax compliance a crucial aspect of running a small business in Saskatchewan. The tax and compliance requirements for small businesses in the GRA – covering corporate and personal income taxes, GST/PST collection, payroll taxes, and Workers' Compensation premiums – adds complexity by requiring meticulous financial tracking, regular filings and adherence to both federal and provincial regulations. This administrative burden can divert time and resources away from core business activities, necessitating professional assistance for diligent management of regulatory and tax compliance.