

Newfoundland and Labrador Key Retail Issues

Develop retail sector strategy

Retailers are resilient and despite unprecedented challenges brought on by COVID-19, continue to fight to remain a viable and essential element of the province's economy.

COVID-19 has created significant disruption to Newfoundland and Labrador's retail sector. In 2019, the retail sector provided a \$8.9 billion boost to the provincial economy and almost 29,000 jobs. Beyond COVID-19, Newfoundland and Labrador retailers are facing significant cumulative costs and competitive pressures. In the modern age of retail, there is no certainty of continued success as national, online, and offshore channels threaten local brick-and-mortar Newfoundland and Labrador stores.

Recommendation

Work with Retail Council of Canada to develop a proper retail recovery strategy, commensurate with the size of the retail industry. While other industries have been the focus of sector strategies and incentives, the retail industry has long been overlooked. The ongoing costs stemming from the COVID-19 pandemic (including health order requirements) have created increased pressure on the province's retail sector. RCC is calling on the government to be a collaborative partner in finding solutions.

Maintain predictable minimum wage

Newfoundland and Labrador has established a predictable model for calculating annual minimum wage adjustments based on the Consumer Price Index. The approach helps ensure politics are removed from the process, and that minimum wage increases are balanced fairly between the interests of employees and employers. Newfoundland and Labrador's model also mandates a review, every two years to ensure that the province's wage remains competitive within the country. Dramatic and rapid increases, such as those seen in recent years in Alberta and Ontario have been shown to harm opportunities for those with the least experience, especially youth.

Recommendation

Maintain the current Consumer Price Index (CPI) linked approach to minimum wage adjustments so as to ensure a transparent, predictable formula and adequate lead time for budget planning.

Maintain the province's competitive tax rates and fees within the region

Competitive tax rates are an important tool for governments to attract and retain businesses. Newfoundland and Labrador's commercial tax rates are competitive within Atlantic Canada while the province's Harmonized Sales Tax (HST) is equal to that in the other Atlantic provinces.

However, recent tax relief for both small and large businesses in neighbouring Atlantic Provinces suggest that Newfoundland and Labrador may be losing some of its competitive edge. Businesses also deal with the annual burden of paying for the various fees charged by government. Individually, these fees do not generate a significant amount of revenue for government but they do create a negative impact for retailers across the province. Retailers understand that they need to be licensed in order to sell certain products. However, it can be frustrating when a small, rural retailer has to pay hundreds of dollars in licensing fees to meet demand for certain products from a small but loyal customer base. For some of the fees charged to businesses, the minimal amount of revenue received by the government does not outweigh the negative impact that such fees have on small businesses.

Recommendation:

Commit to not raising the corporate tax rate or the HST during your mandate and to a review of the numerous fees charged on businesses.

Ensure eCommerce sellers pay their fair share

The pandemic has resulted in significant increases in online sales, primarily benefiting non-resident, foreign eCommerce sellers. Those retailers have lower property and labour costs than brick and mortar provincial sellers, and generally provide their employees significantly lower pay and benefits. They also do not employ Newfoundlanders and Labradorians. Many non-resident eCommerce entities sell into the province without paying eco-fees, yet the packaging for their shipments and products; as well as the products themselves at end-of-life, are discarded into our recycling system. Governments are currently paying these costs. However, should the province eventually move forward with an Extended Producer Responsibility (EPR) program for packaging, Newfoundland and Labrador's brick-and-mortar retailers would be paying these costs on behalf of their competition. This process would ultimately subsidize foreign online sellers, from the United States, Asia and beyond.

Recommendation:

eCommerce sellers from outside Canada need to pay their fair share of taxes and fees. Newfoundland and Labrador citizens and Newfoundland and Labrador retailers should not be forced to subsidize foreign eCommerce sellers who are taking a free ride on the backs of local businesses.

Provide refundable tax credits for COVID-19 related purchases

RCC commends the government for its efforts to support businesses during the COVID-19 pandemic. However, it should be noted that not all businesses have been able to access government support programs to assist them in remaining open.

One direct way that the Newfoundland and Labrador government can help support struggling small businesses is through the introduction of refundable tax credits to help lessen the cost impact of COVID-19 related store renovations and purchases of PPE.

Many local retailers, and the business community, are facing severe challenges and need urgent assistance. Tax deductions do not provide immediate help whereas refundable tax credits would have a more beneficial impact. Ongoing costs tied to PPE equipment for staff, increased safety training, and other resources are necessary, but create a substantial expense at a time when finances are being squeezed. Refundable tax credits would provide substantial assistance in helping retailers create and maintain a safe retail environment for their employees and customers.

Recommendation:

We urge government to use refundable tax credits, as a way to provide practical assistance to companies incurring eligible COVID-19 expenditures.

Provide provincial leadership on issues related to environmental stewardship

RCC commends the provincial government for finally taking a leadership role regarding single use plastic checkout bags. For a number of years, the provincial government's refusal to provide direction regarding these bags, led to a confusing patchwork of local initiatives from municipal governments. Municipal action in areas of environmental stewardship that impact industry can lead to the creation of bylaws that are not harmonized with best practices in the rest of Canada. Such actions can needlessly create public confusion, administrative red tape and increased costs for businesses in the province.

Recommendation:

With regards to environmental stewardship issues that impact industry, the government should provide leadership in taking action at the provincial level. Provincial actions related to environmental stewardship should be harmonized with existing solid waste regulations and stewardship programs across Atlantic Canada.

Candidate Survey

1. Will your party pledge to work with the Retail Council of Canada to develop and implement a COVID-19 retail recovery economic strategy? For years, other industries have received government incentives for investing in people, technology and eCommerce.

Yes or No:	
Comments:	

2. Is your party prepared to maintain the current model of determining annual minimum wage adjustments through a formula that is linked to the Consumer Price Index?

Yes or No:	
Comments:	

3. Will your party pledge to not raise corporate taxes (small and large businesses) or the HST during your mandate so as to maintain Newfoundland and Labrador's tax advantage within Atlantic Canada?

Yes or No:	
Comments:	

4. Will your party commit to conduct a review of the numerous fees charged on businesses?

Yes or No:	
Comments:	

5. Will you take steps to ensure foreign eCommerce sellers begin to pay their fair share of taxes and eco-fees?

Yes or No:	
Comments:	

6. Would your government provide refundable tax credits to assist with COVID-19 related store renovations and purchases of PPE in order to protect employees and customers in retail stores?

Yes or No:	
Comments:	

7. Would your government be prepared to lead on issues related to environmental stewardship so as to avoid a municipal patchwork?

Yes or No:	
Comments:	

8. Would your government take action to harmonize policies related to solid waste regulations across Atlantic Canada?

Yes or No:	
Comments:	