

March 8, 2023

Prince Edward Island 2023 Provincial Election Questionnaire: Background

Retail Council of Canada:

Retail Council of Canada (RCC) is a not-for-profit, industry-funded association representing retailers of all sizes and formats, including department, grocery, pharmacy, specialty, discount, and independent stores as well as quick service restaurants and online merchants. We speak for an industry that touches the daily lives of Islanders in every corner of the province.

Prince Edward Island (PEI) Retail Facts:

- Retail is the largest private sector employer in Prince Edward Island, representing almost 9,900 employees, and \$300 million in total annual compensation paid to retail employees.
- PEI retail employee's average total hourly compensation is \$25.00 per hour.
- PEI retail employee's average hourly earnings is \$20.20 per hour.
- With hundreds of retail locations across the province, retail trade accounts for more than \$3.2 billion per year in PEI (more than \$2 billion in core retail). The quick service restaurant sector contributed over \$210 million to the PEI economy and was also one of the province's top employers.

Retail Realities:

- The retail sector provides a broad range of employment opportunities, from first-time skill development jobs to highly professional positions.
- Retail is a highly competitive sector, with traditionally low profit margins. Controlling costs is a high priority for retailers, as small cost increases can have a significant impact on a retailer's bottom line and business viability.

Retail's success in PEI is driven by increased investment, strong consumer demand, as well as sensible and focused policy and regulation by the provincial government.

Prince Edward Island 2023 Provincial Election Questionnaire

Retail Council Survey

- On behalf of Retail Council of Canada members, we are asking all major political parties about their views on issues that are important to retail and quick service restaurant businesses, employees and our customers.
- We publish the answers on our VoteRetail.ca website, and encourage all retailers, quick service restaurants, employees and customers to visit the site to understand the parties' positions on issues impacting our industries.

SURVEY QUESTIONS

We thank you for taking the time to answer the following questions:

1. PEI needs to do more to create predictability and fairness in its minimum wage decisions. RCC continues its call for PEI to follow the lead of every other Atlantic Province and mandate that minimum wage adjustments be based on an objective minimum wage formula that is tied to the Consumer Price Index (CPI) for the previous year. This approach provides businesses with predictability and allows them to plan for the cost increases throughout their salary scale that result from minimum wage increases.

The unpredictable nature of the government's approach creates pressure on RCC member businesses as the annual increases to the province's minimum wage outstrip inflation and revenue growth in many retail stores.

- a. Will your party commit to legislating that all future adjustments to minimum wage be based on an objective minimum wage formula that is tied to the change in the CPI for the previous year?

Yes No

Comments

As part of its action plan *Belonging and Thriving: A Poverty Reduction Action Plan for Prince Edward Island (2019-2024)*, the previous Liberal Government implemented many initiatives to improve the quality of life for all Islanders and specifically those living in low income. Some examples included income tax relief, major changes to social assistance, and increases to the minimum wage. We recognize that increases to minimum wage create pressure on small and medium sized businesses. This strategy is set to expire in 2024 and must be reviewed to ensure we are meeting the needs of our population - including those in our retail sector.

The Liberal Party is committed to:

- **Reviewing the annual minimum wage process and developing a long-term strategy to create a transparent, fair, and predictable process that takes private wage trends into account**
2. Although many RCC members have generous paid sick leave programs, the reality is that not all businesses are financially able to offer sick leave at the levels that have recently been proposed in PEI. Most provinces offer unpaid sick leave as these governments understand the ever-increasing cost pressures on businesses.
- a. Will your party commit to maintaining the status quo regarding paid sick leave in the province?

Yes No

The Liberal Party of PEI has and will continue to be proud of our Island businesses and understands the challenges facing its retail sector. There are other ways of supporting workers than looking at employers to shoulder the burden. We understand there is an ongoing Comprehensive Review of the Employment Standards Act where we believe this discussion is best placed.

- b. If you answered *No* to the last question: If your political party believes there is a social imperative for a significant and expensive initiative like increasing the number of paid sick days, will your party commit to offering such support through a government-funded program?

Yes No

Comments _____

3. Retailers continue to demonstrate their ability to properly manage the business and social aspects involved in selling heavily regulated products in a responsible and successful manner. In 2019, the PC Party made a campaign promise to allow the sale of beer and wine in PEI retail stores. Once in government though, the PC Party has backtracked on its promise by only taking steps to expand the existing Agency Store model. This action does not fulfill the Party's campaign promise.

PEI retailers could help the government achieve levels of success in the sale of beer, wine and ready to drink products (RTD), similar to those seen in New Brunswick. There are craft

brewers and vintners across PEI who could benefit from the opportunity to sell their product in retail stores.

- a. Will your party commit to implementing a responsible, step-by-step approach that leads to provincewide sales of beer, wine and RTD in retail stores.

Yes No

Comments

The Liberal Party of PEI is committed to working with small businesses across the Province and understands the importance of ensuring these businesses are competitive to their counterparts in other jurisdictions. If elected, our party will work with PEI retailers to develop ways to modernize the province's liquor legislation to allow for the expansion of these sales while balancing the need for the appropriate training, promotion of responsible consumption, and ways to further discourage drinking and driving in the province.

4. Tax revenue emanating from the province's hard working business sector continues to exceed budget projections. As PEI moved out from under the COVID-19 pandemic, the province's healthy economy has masked the fact that the government continues to spend beyond its operating budget.

In 2021, the government assisted the small business sector by cutting the small business tax rate to the lowest level in Atlantic Canada. Yet, while the government continues to benefit from the province's economic growth, all other for-profit businesses continue to pay the highest corporate tax rate in the country. In addition to charging high corporate taxes, PEI charges Island consumers a 15% Harmonized Sales Tax. Charging the HST at the same level as the rest of Atlantic Canada provides some administrative efficiencies for businesses but does not provide an incentive for Islanders to shop at home.

- a. Will your party commit to lowering corporate taxes to a regionally competitive 14%?

Yes No

Comments

The PEI Liberal Party will review the corporate tax rate to ensure that we are always finding ways to attract new businesses to the Island while also supporting those driving our economy today.

b. Will your party commit to lowering the HST by 1% per year until it reaches 13%?

Yes No

Comments

There are no immediate plans to reduce HST. Instead, the Liberal Party will provide incentives to shop local, and ensure we have a trained and viable workforce. We will also support the retail sector by:

- **Establishing a Covid-Debt Relief Program to support operators with heavy debt resulting from Covid-19 with access to low interest funding through Finance PEI; and**
- **Offering low-interest loans and start-up grants to assist tourism operators in developing new products/services and/or refreshing existing offerings.**

c. As one of only two Canadian provinces that does not index its personal income tax brackets, will your party commit to eliminating bracket creep and allow Islanders to be rewarded for their success?

Yes No

Comments

It is long overdue to address the indexation of personal income tax brackets and bracket creep. We are proud that our 2023 election platform has been developed based on expert, third-party economic analysis. We understand the effect that bracket creep has on Islanders and we will address it and we are always proud of the success of Islanders. The Liberal Party commits to

- **Re-evaluating the provincial income tax model to better align with our Atlantic counterparts to ensure we are competitive in attracting labour to the Island**

5. Given the small size of each Atlantic Province, it is imperative for each provincial government within the Atlantic Region to work together and harmonize initiatives with proven best practices from across Atlantic Canada. Harmonization reduces red tape and makes it easier for businesses to grow within the Atlantic region.

a. Will your party commit to an emphasis on streamlining red tape reduction and regulatory harmonization efforts throughout all government Departments and between Atlantic governments?

Yes No

Comments

Our previous Liberal government had made great strides in reducing red tape to make it easier for businesses to do business in Atlantic Canada. It was our government that implemented the Project ART (Addressing Red Tape), a five year government-wide, business-to-government strategy which addresses Prince Edward Island’s economic and businesses competitive interests without compromising public health, safety or the natural environment. If elected, the Liberal Party remains committed to working closely with industry to reduce red tape, align regulations with other jurisdictions, and ensure conditions are optimal for business success.

- b. Will your party commit to a government practice of analyzing all proposed legislation / regulations through a lens of Atlantic regulatory harmonization and red tape reduction, before the legislative / regulatory initiatives are approved by Executive Council?

Yes No

Comments

Our Party is committed to doing what we can to make life easier for the retail sector. We are proud of our party’s record on the reduction of red tape and will continue to build on our successes. We believe that with every legislative and regulatory change our government makes, we must consider the impact it has on Island businesses and our retail section should be no exception.

- 6. The retail sector is one of the largest industries in Prince Edward Island, employing over 12% of Prince Edward Island employees and contributing over \$2 billion in core retail sales each year. But unlike other key sectors, the Prince Edward Island government has not developed a sector strategy to ensure that government policies are aligned to support the industry and enhance its competitiveness.

- a. If elected, would your party work with the Retail Council of Canada to develop and implement a retail sector strategy? This strategy would be similar to the strategies that have previously been developed for other economic sectors and would ensure Prince Edward Island’s retail industry continues to prosper?

Yes No

Comments

Our Party understands the importance of working together. We are open to bringing the Retail Council of Canada and its partners to the table to develop a retail sector strategy.

Small and medium sized businesses are the backbone of our provincial economy and should be respected as such.

RETURN SURVEY TO:

We would ask that you please return this survey as soon as possible to:

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Further Inquiries:
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