



**Progressive Conservative Party of  
Newfoundland and Labrador**

PO Box 8551 ♦ St. Johns, NL ♦ A1B 3P2

Email: [info@pcparty.ca](mailto:info@pcparty.ca)

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May 13, 2019

Mr. Jim Cormier  
Atlantic Director  
Retail Council of Canada

Email: [jcormier@retailcouncil.org](mailto:jcormier@retailcouncil.org)

Dear Mr. Cormier:

Thank you for inviting me to participate in the Newfoundland and Labrador 2019 Provincial Election Questionnaire. My comments in response to your questions are attached on your questionnaire form.

Sincerely,

Ches Crosbie  
Leader of the PC Party of Newfoundland and Labrador

## **Newfoundland and Labrador 2019 Provincial Election Questionnaire**

### **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, specialty, discount, and independent stores as well as online merchants. We speak for an industry that touches the daily lives of Newfoundlanders and Labradorians in every corner of the province.

### **Newfoundland and Labrador Retail Facts:**

- Retail is the largest private sector employer in Newfoundland and Labrador, representing almost **28,235 employees**, and more than **\$1.15 billion** in annual payroll.
- Newfoundland and Labrador retail employees' average total compensation is **\$25.88** per hour.
- With **2,718** retail locations across the province, retail trade accounts for more than **\$9.2 billion** per year in Newfoundland and Labrador, and almost **\$100 million** in capital investment in 2018 alone.

### **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 Newfoundland and Labrador is driven by increased investment, strong consumer demand, as well as sensible and focused policy and regulation by the provincial government.**

## Newfoundland and Labrador 2019 Provincial Election Questionnaire

### Retail Council Survey

- On behalf of the retail industry, we are asking all major political parties about their views on issues that are important to retail businesses, employees and our customers.
- We publish the answers on our VoteRetail.ca website – and encourage all retailers, employees and customers to visit the site to understand the parties' positions on issues impacting our industry.

### SURVEY QUESTIONS

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

1. RCC recognizes that the government of Newfoundland and Labrador needs to continue taking steps to eliminate its budget deficit and lower the province's massive debt. To date however, much of the current government's deficit reduction has been on the backs of the business community. One of the best ways to eliminate the deficit and lower the debt is through growing the economy. Economic growth is difficult when Newfoundland and Labrador retailers are faced with excessive fees combined with corporate tax and HST rates that are among the highest in Canada. Furthermore, retail consumers in the province deal with high personal income taxes. These costs make it increasingly difficult for retailers to do business in Newfoundland and Labrador. Given these challenges, once the provincial budget consistently achieves a level of balance that is sustainable,...
  - a. Will your party commit to lower corporate taxes to a regionally competitive 14%?

Comments **[PC LEADER CHES CROSBIE]**: The Auditor General stated in 2018: "the Province currently has one of the highest tax burdens on a per capita basis in the country." A Crosbie Government will work towards ensuring that our province's taxation system is competitive with the rest of the country and will work towards reducing the tax burden on Newfoundlanders and Labradorians. Taxpayers (including taxpaying businesses) should get to keep more of their income than gets paid out in income tax. How and when we reduce taxes will be determined through a robust, planned process that draws on input and evidence. Our first priority in reducing taxes in an orderly way is to eliminate the levy and the tax on insurance, both of which will benefit the retail sector directly and indirectly. This is a good beginning in a balanced approach to strengthen our economy and budget responsibly. But making our corporate tax regime competitive is strategically important, because trade is so important to our economy, and the costs our trading enterprises face (such as transportation costs and Gulf ferry rates) are already relatively high. We will take your advice to heart as we prepare our annual budgets and plan strategically to maximize economic growth.

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

**Comments:** Our answer here reiterates the statements above. Obviously, some level of taxation is required in any economy to support public services. The challenge is to strike the right balance of taxation, taking into account the relative power and fairness of consumption taxes, income taxes and other taxes. We believe our level of taxation should be competitive, not only regionally, but nationally. The Constitution (Section 36) guarantees us reasonably comparable levels of public service at reasonably comparable levels of taxation. As we are some distance from continental markets, we must be especially vigilant to ensure our economy is not uncompetitive for businesses and residents. To attract the population growth we urgently need, we must be vigilant to ensure our levels of taxation are not so onerous that they consign our people to a lower standard of living. When we speak of striking an optimal balance between efficiency, taxation, borrowing and economic stimulation, we cannot forget that the missing element is fiscal transfer fairness. Apportioning transfers on a per-capita rather than needs basis is hurting our province and has to change, because it is driving down our population and leaving us less well equipped to return to population growth. That is why I will fight for a joint federal/provincial recovery plan. As the Blue Book states: We can yet address our population, debt and fiscal unfairness challenges through committed government action; however, committed government action will require champions both at home and elsewhere in the country. The development of champions requires leaders to share their vision with opinion leaders elsewhere in Canada and with the public at home, and explain why the cause is not only just, but in the national interest. One measure to drive growth might be a concerted effort to reduce the level of taxation, just as you have described.

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**c. Will your party commit to develop a longer-term plan to reduce the province's debt that involves growing the economy versus a reliance on high taxes and fees?**

**Comments:** Yes – we commit to develop a longer-term plan to reduce the province's debt that involves growing the economy rather than relying on high taxes and fees. This aligns perfectly with the overarching themes of our Blue Book. As we state in the section entitled "Making the Case for Change": rather than drive growth, spend responsibly or seek our province's fair share in Confederation, the Ball Liberals took the lazy approach by forcing taxpaying consumers and employers to bear more than 300 tax and fee increases in 2016. Under the theme "Fiscal sustainability", we lay out our case for doing things differently. I encourage your members to read this form themselves at <https://crosbie2019.ca/blue-book/>

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- d. Will your party commit to eliminate excessive fees on product sale licenses (eg: domestic pesticide vendor license), which do little to improve the province's finances while, needlessly hurting retailers?

Comments: We will talk with your members about the regulatory burden and fees that serve as impediments to business growth and competitiveness. The exponential growth in fees in the 2016 Budget is something we have condemned time and again because it undermined the sustainability of our businesses and economy. The consequences of ill-considered tax and fees increased are all around us. Please prepare the information we will require to move swiftly on removing obstacles to enterprise growth and competitiveness in Newfoundland and Labrador.

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2. The province's basic personal amount of income that needs to be earned before an individual pays income tax is too low compared to thresholds across the country. For years, this tax threshold has resulted in too many low-income Newfoundlanders and Labradorians having to pay tax. RCC has spent years arguing that increases to the basic personal amount can create a more positive impact for low income people than minimum wage increases. Newfoundland and Labrador has the third lowest threshold in Canada at \$9,414.
  - a. Will your party commit to increase the personal tax exemption threshold to a level that is competitive with the rest of the country? As most provinces have exemption levels over \$10,000, continued increases in Newfoundland and Labrador's exemption level will provide the province's people with more dispensable income.

Comments: Increasing the personal tax exemption threshold is something we will consider. As we state clearly in our Blue Book: A Crosbie Government will work towards ensuring that our province's taxation system is competitive with the rest of the country and will work towards reducing the tax burden on Newfoundlanders and Labradorians. Taxpayers should get to keep more of their income than gets paid out in income tax. The goal of a Crosbie government is to have more people paying less tax, not less people paying more tax.

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3. The Joint Office of Regulatory Affairs and Service Effectiveness (Based in Halifax) has played an important role in eliminating / harmonizing regulations within Nova Scotia and between Atlantic Provinces. In Newfoundland and Labrador, support for the Office comes from staff within the government's Service NL as opposed to dedicated resources. The lack of focused resources limits the ability of the Newfoundland and Labrador government to harmonize its initiatives with proven best practices within Atlantic Canada. Harmonization reduces red tape and makes it easier for businesses to grow within the Atlantic region.
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- a. Will your party commit to creating a dedicated resource to emphasize and streamline red tape reduction and regulatory harmonization efforts throughout all government Departments and between Atlantic governments?

Comments: We will commit to streamlining red tape reduction and regulatory harmonization by the most effective means. I tend to agree that regulatory reform is most likely to work when someone owns it and takes care to ensure we are maximizing reform opportunities instead of missing them. Red tape and regulatory disharmony only serve to make our enterprises and economy less competitive, to the detriment of all of us. We look forward to hearing and exploring your ideas for reform.

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- 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?

Comments: We will ask officials to advise us on the merits and best means of facilitating your proposal to reduce red tape and harmonize regulations on an Atlantic regional basis. We are prepared, not just to follow, but to lead in driving regulatory reform and red tape reduction; and not only on a regional basis, but also on a national basis, where such an approach makes sense.

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4. RCC supports the current government's 2018 decision to achieve greater regulatory harmonization with its Atlantic neighbours by mandating April 1<sup>st</sup> of each calendar year as the only date in which Newfoundland and Labrador can increase its minimum wage. RCC also welcomed the government's 2018 decision to create predictability and fairness in its minimum wage decisions by joining Nova Scotia and New Brunswick in mandating 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. However, retailers are nervous that the government's 2018 commitment was not legislated and thus, the predictability and fairness in the system could be subjected to change on a political whim.

- a. Will your party commit to legislating that all future increases to minimum wage be made by the change in the CPI for the previous year?

Comments: As we state in our Blue Book: we will provide regular, reasonable increases to

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the minimum wage by linking it to the Consumer Price Index. The new Poverty Reduction Strategy will consider whether this approach strikes the optimal balance.

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5. Despite years of calls from RCC for provincial leadership on environmental issues, the Newfoundland and Labrador government is only now engaging in a study to look at ways to improve its environmental stewardship efforts. The lack of provincial leadership has been problematic for retailers as it allowed many municipal units to pass or threaten to pass bylaws related to these same environmental challenges. The result is / will be a patchwork of municipal bylaws and practices that could vary widely from one community to another. Varying rules around solid waste disposal, recycling and single use plastic bags generate unnecessary administrative red tape and costs for retailers trying to supply their stores in different communities. A municipal patchwork for single use plastic bags also creates needless confusion and backlash among retail customers. In certain parts of the province, people can easily shop in multiple communities. In this scenario, a customer could conceivably visit different locations of the same retailer but be faced with different rules at the checkout regarding how they can get their purchased product from the retail store, to their home. For the retailer, such rules would increase costs as they would have to invest in smaller quantities but greater varieties of carryout bags.

Retailers want to avoid a multitude of unharmonized and unnecessarily burdensome municipal regulations as they try to create a seamless shopping experience for customers.

- a. Will your party pledge to provide provincial leadership on issues of broad, provincial interest so as to avoid a patchwork of unharmonized, municipal bylaws?

Comments: I called for precisely such a province-wide approach to banning single-use plastic bags in June 2018, long before the government of the day got around to it. I made the call on the recommendation of Municipalities NL, which was advocating for a consistent, harmonized approach. A patchwork approach is not an effective approach to such challenges. As we state in the Blue Book: This will not be a stand-alone policy but a sign of a new way of thinking about plastic use and pollution. We will explore other ways to reduce plastic pollution in our environment, on land and in our ocean. We will commission the Multi-Materials Stewardship Board to work with Municipalities NL and other stakeholders to explore opportunities to expand recycling in our province, which is lagging behind other jurisdictions. We will also promote an attitude of collective stewardship of our environment to nurture a culture of waste prevention. On such initiatives, our government will be prepared to take the lead in developing harmonized policies of broad application.

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6. The retail sector is one of the largest industries in Newfoundland and Labrador, employing
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almost 13% of the province's employees and contributing over \$9.2 billion in sales each year. But unlike other key sectors, the Newfoundland and Labrador government has not developed a sector strategy to ensure government policies are aligned to both 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 Newfoundland and Labrador's retail industry continues to prosper?

Comments: We will listen to you as you make the case for a retail sector strategy. We are certainly willing to work with the Retail Council of Canada and our retail sector on strategies to grow our province's retail industry, in view of the tremendous benefits such growth will have for our communities and economy.

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- b. Will your party pledge to reward employers for taking risks, growing their businesses and creating jobs?

Comments: We will listen to you as you make the case for such an approach. There is an element of risk-taking in all business ventures. But the business sector is the foundation of our economy, so we rely on such risk-taking. There are various ways to mitigate the risks in sectors where the risks are particularly great. For example, our government will create a new venture capital fund. The province will invest \$10 million, in addition to private sector contributions obtained through the Venture Capital Tax Credit. This fund will be technology focused and will help companies expand their base within the province. I am intrigued to hear about the strategies you have in mind.

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## RETURN SURVEY TO:

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

Jim Cormier  
Atlantic Director  
Retail Council of Canada  
Email: [jcormier@retailcouncil.org](mailto:jcormier@retailcouncil.org)  
Further Inquiries:  
Mobile: (902) 818-7738  
Office: (902) 422-4144