

## New Brunswick 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 New Brunswick's retail sector. In 2019, the retail sector provided a \$13.2 billion boost to the provincial economy, and over 44,000 jobs. Beyond COVID-19, New Brunswick 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 'brick-and-mortar' New Brunswick 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

New Brunswick 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. New Brunswick'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 Alberta and Ontario have been shown to harm opportunities for those with the least experience, especially youth.

### Recommendation

Maintain the current 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 tax advantage

New Brunswick has an advantage in attracting business to the province through offering the lowest corporate tax rates (14% for large businesses and 2.5% for small businesses) in Atlantic Canada. The province's Harmonized Sales Tax (HST) is equal to that in the other Atlantic provinces. This tax advantage helps entice businesses to the province.

### Recommendation:

Commit to not raising corporate tax rate or the HST during your mandate.

### 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 employ no New Brunswickers. 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, with the upcoming launch of an Extended Producer Responsibility (EPR) program for packaging, New Brunswick's brick-and-mortar retailers will be paying these costs on behalf of their competition. This process ultimately subsidizes 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. New Brunswick citizens and New Brunswick 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

One direct way that the New Brunswick 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.

Local retailers, and the business community, are facing severe challenges and need immediate assistance. Tax deductions do not provide immediate help whereas refundable tax credits would have a more beneficial impact. 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.

### Balance labour laws and ensure secret ballot votes for union certification

RCC does not dispute the rights of workers to form a union and to negotiate with their employer on a first contract. However, there needs to be balance in this process and each side needs to assume some risk. In New Brunswick, first contract arbitration takes the risk away for workers

during the certification process and puts it all on the employer. Furthermore, the province does not offer secret ballot voting when workers vote in a union certification. This creates an undemocratic environment whereby workers could be coerced during the certification process. Labour costs are a significant expense to any business and a contributing factor in a businesses' decision to locate or expand in a certain province. Retailers value their employees and given the competitive nature of the retail sector; they are constantly challenged with providing attractive compensation while competing in an aggressive industry with traditionally low profit margins. Retail Council of Canada knows that successful retailers work hard to achieve this balance as we witness it from our unionized and non-unionized members. First contract arbitration could upend this balance by allowing a third party to set wages and working conditions in a retailer's business.

**Recommendation:**

Given the economic challenges that continue to exist in New Brunswick, the government should restore the balance between employers and labour by repealing first contract arbitration and allowing secret ballot votes for union certification. A secret ballot vote is the best way to ensure that union certification is the true desire of employees.

**Provide provincial leadership on issues related to environmental stewardship**

Over the past few years, the provincial government has not always provided leadership in environmental stewardship. When questions were raised regarding single use plastic bags, the provincial government's refusal to provide direction led to a confusing patchwork of local initiatives from municipal governments and solid waste commissions. In setting up the province's electronics stewardship program, the government ignored the suggestions from industry and implemented a program that is not harmonized with best practices in the rest of Canada. Such actions have needlessly created public confusion, administrative red tape and increased costs for businesses in the province. For instance, the province's administrative fees for regulated recycling programs are by far the most expensive in Canada (10 times larger than in Quebec).

**Recommendation:**

As the province has already consulted on these issues, the government should provide leadership and take action to harmonize its policies related to 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 e-commerce.

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 CPI?

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 New Brunswick's tax advantage within Atlantic Canada?

Yes or No:	
Comments:	

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

Yes or No:	
Comments:	

5. 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:	

6. Would your government restore the balance between employers and labour by repealing first contract arbitration and legislating secret ballot votes for union certification?

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? (e.g. municipal governments and solid waste commissions taking action on single use plastic bags)

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:	