



IKEA Canada Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

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Recommendations

Recommendation 1: That the government fulfil its commitment to provide funding in the amount of \$100 million in skills training, to ensure there are enough qualified workers to keep up with energy audits, retrofits, and net-zero home construction.

Recommendation 2: That the government fulfil its commitment to help homeowners and landlords pay for retrofits by giving them an interest-free loan of up to \$40,000.

Recommendation 3: That the government fulfil its commitment to help people buy newly built homes that are certified zero-emissions by giving them a Net Zero Homes Grant of up to \$5,000.

Recommendation 4: That the government help people save money and make climate-positive decisions by introducing a rebate for the purchase of sustainable consumer goods and energy-saving products.

Recommendation 5: That the government fulfil its commitment to work with businesses to set new standards and targets on items with plastic packaging, to make sure that producers take full responsibility for collecting and recycling their plastic waste.

Recommendation 6: That the government ensure that businesses have access to a sufficient pool of talented labour through a continued commitment to immigration.



Introduction

Having called Canada home for 44 years, IKEA is the nation's leading home furnishing retailer, offering a wide range of well-designed, functional, sustainable products at affordable prices that make it accessible for the many. IKEA operates 14 stores, 4 distribution centres, 2 windfarms and 1 call centre in Canada, employing more than 7500 co-workers across the country. We contributed \$2B in economic output to Canadian households, businesses, and government and \$1.4B in labour income.



Last year, IKEA Canada welcomed 31 million visitors to its stores and 117 million visitors online at IKEA.ca. Many people know IKEA as a furniture retailer through their own in-store customer experience, however our business is much more than that:

- IKEA Canada is an energy company. Our windfarms in Alberta and solar panels on our buildings generate renewable energy equivalent to four times our total consumption.
- IKEA is also a community recycling depot, taking in such items as batteries, lightbulbs and mattresses that do not have municipal collection streams.
- We are a vibrant online retailer, with 177M customer visits to the IKEA app in 2019. In addition, IKEA provides access to digital services such as kitchen design and, through the TaskRabbit app, furniture assembly.
- IKEA is a leader in the food service industry and grocery sector, with our restaurants, Swedish Food Hall and walk-up Bistro generating \$113M in sales, up 10.8% over the previous year.
- We are a logistics and transportation company that moves billions of dollars' worth of goods from ports, warehouses, stores and to our customers' homes. In select markets, IKEA Canada offers free shuttle buses to safely and seamlessly move customers and co-workers.

In everything we do, the purpose of IKEA is to create a better everyday life for the many people and do so in a way that is affordable, sustainable and respects human rights. We are proud to lead our business in a way that meets the needs and expectations of Canadians.

IKEA's Response to COVID-19

The COVID-19 crisis has dramatically stressed the Canadian economy from coast-to-coast. In early spring, we chose to close all our physical store locations ahead of any government mandate to do so. IKEA Canada made this decision because it was the right thing to do in the interests of public health and safety. IKEA serves as a community hub, with thousands of Canadians visiting on any



given day. Ceasing store operations was the responsible action in a pandemic. IKEA Canada maintained online and warehouse operations, however thousands of our co-workers were not able to work in-store as usual. Nonetheless, IKEA Canada made the decision to continue to pay our co-workers throughout the 2 to 3-month period in which our stores were closed. Furthermore, this was accomplished without accessing the Canada Emergency Wage Subsidy (CEWS) or any other federal or provincial support programs. IKEA has always put people first and by keeping co-workers employed, it helped contribute to the economic resiliency of the communities we serve.

IKEA is aware that all businesses, big and small, have been impacted by the COVID-19 crisis. Having an employer such as IKEA not access CEWS allows the federal government to distribute taxpayer funds to other community stakeholders. Externally, IKEA Canada committed more than \$2.3M to date in COVID-related relief to community organisations across the country. This included helping some of the most vulnerable Canadians. For example, in Winnipeg, IKEA furnished isolation suites for persons experiencing homelessness and needing to quarantine due to possible COVID-19 infection. In addition, we were able to donate over 250,000 N95 masks to healthcare providers across Canada.



IKEA believes that helping Canadians is not the sole responsibility of government; the private sector has an obligation to be a leader, which includes providing for our communities. The public interest is shared amongst all Canadians.

A Canadian Green Recovery

Enabling people to live a healthier, more sustainable life at home is one of the key ambitions of IKEA, as we strive to make a positive impact on people and the planet. We've faced an unprecedented crisis over the last few months, that has shaken society. However, we are also facing a climate crisis, with global warming no longer a distant threat, but a visible reality for many people across the world.

Prior to the pandemic, IKEA welcomed the government's intended investments into sustainability and skills upgrading to support a green recovery for the Canadian economy. **(Recommendation 1)** As coronavirus lockdown measures are lifted and some aspects of normal economic activity return, the Canadian economy could go back to 'business as usual' without any adjustments to existing climate policies. Worse still, jurisdictions and industries, feeling pressure to compensate for lost productivity, could adopt policies that generate more CO₂ released into the atmosphere. However, there is an opportunity for Canada to build toward a green recovery while creating economic growth, innovation and job creation.



IKEA also supports homeowners choosing climate-positive living when buying a new home or making improvements to their existing home. **(Recommendations 2 & 3)** This type of “big-ticket” investment by families can go far in leading Canada toward a green economic recovery.

While home renovations are a significant investment, there are very few other public-facing programs that focus on helping the average Canadian lower their carbon footprint. Other carbon reduction mechanisms such as the *Greenhouse Gas Pollution Pricing Act* focus on high-polluting industries, but do not engage Canadian citizens beyond the annual rebate. In 2018, IKEA surveyed Canadians on climate change and 90% of consumers said they are willing to change their behaviour to fight climate change¹. However, almost half said they were unsure of how they could be part of the solution. IKEA conducts hundreds of home visits each year and gathers insights from millions IKEA Family



members across the country. Canadians have told us that they want solutions that both save the planet and save them money. Using a water-saving faucet, an energy efficient lightbulb, or installing a home rooftop solar panel helps both the planet and their household budget. Canadian families are keenly aware that using less resources at home also means more money in their pocket. IKEA sales show a strong customer preference; products in our sustainability range are our fastest growing category.

There is a clear opportunity to develop fiscal instruments to better empower Canadian families in the pursuit of carbon-positive actions. Also, given the vulnerable financial position of Canadians during the COVID-19 crisis, these measures will help Canadians live more affordably. The introduction of a rebate to consumers for the purchase of sustainable consumer goods and energy-saving products will help to move Canada to a green economic recovery. **(Recommendation 4)**

Similar to the policy rationale for empowering Canadian families, working with businesses to set new standards and targets on items with plastic packaging, will help the private sector save money. **(Recommendation 5)** Less packaging will reduce costs for business and create less waste for consumers. Focusing on building a circular economy can be achieved through inclusive standards that encompass reduce, reuse, and recycle throughout the broader waste stream.

The path toward an economic recovery is also vested in making the appropriate investments into people. The IKEA Foundation has committed over \$117M worldwide in grants over the next five years for programmes that help refugees improve incomes and integrate into their community. IKEA is aware that helping people achieve their maximum potential allows them to contribute to their communities and fully participate in the economy. In order to keep Canada’s economic engine on track, IKEA Canada encourages the government to ensure that businesses have access to

¹ IKEA Climate Action Report -2018, p. 13



a sufficient pool of talented labour by encouraging immigration. **(Recommendation 6)** While the pandemic has hindered global travel, an economic recovery cannot be fully realized without an adequate supply of skilled labour.

Conclusion

While reviving the Canadian economy, we have the opportunity to deliver both environmental and economic goals in a way that reduces existing inequalities and mitigates future ones. No one can do everything, but everyone can do something, especially when we work together. We still have it in our own hands to change the direction of the climate crisis and use the recovery from COVID-19 to build back better and create the future we want to be part of. IKEA is committed to this challenge and have seen the extraordinary economic and public health response government's across Canada have taken. We believe that as the federal government considers policies and programs for its next budget, it has a continued role to play in the economic recovery from the COVID-19 pandemic.

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