

Minutes of the 3rd Meeting of the Retail Consultation Forum

10th November 2014

Chair: Minister for Small Business and Employment, Ged Nash, T.D.

Attendance

The attendance list is at Appendix 1.

1. Opening Comments

Minister Nash welcomed three new members to the Forum. Dr. Fenton Howell from the Department of Health was invited to join the Forum at the suggestion of members that the Department of Health should be represented. Ms. Edel Clancy from Musgraves participated in the last meeting of the Forum and has been invited to become a member and finally, Thomas Burke was welcomed as the newly appointed Director for Retail Ireland.

The Minister explained that the report from the Joint Oireachtas Committee on Jobs, Enterprise and Innovation, which the Forum had hoped to discuss at today's meeting, had not yet been finalised. However, the Minister hopes to call a special meeting of the Forum to discuss the report when it becomes available. He suggested that such a meeting might be held outside Dublin and that local retailers could have an opportunity to tell the Forum about successful initiatives to improve town centre shopping.

Today's meeting would therefore include a discussion on business costs for retailers, in addition to discussing the Action Plan for Jobs 2015.

2. Report of last meeting and subsequent developments

The Report of the last meeting had been circulated and members were asked to forward any comments to the Secretariat.

The Minister noted that since the last meeting, a pre-Budget submission on behalf of the Retail Consultation Forum was finalised and submitted to the Department of Finance. While not all measures proposed were reflected in Budget 2015, a number of measures announced should have a positive impact on the Retail Sector. One of the main challenges for the retail sector during the recession was the erosion of consumers' disposable income and Budget 2015 was the first in many years to increase disposable income. The tax and social welfare changes, the retention of the 9% VAT rate, the extension of the Home Renovation Incentive to include rented properties and the additional funding for the JobsPlus scheme should all have a positive impact on the retail sector.

Seán Murphy from Retail Excellence Ireland informed the Forum about the findings of its Irish Retail Industry Sales Review for the third quarter of 2014 which showed that the third quarter 2014 was the first time in 7 years that there had been three consecutive months of growth in the retail sector. Mr Murphy mentioned that many sectors experienced some level of growth, with the weather having a positive impact on garden centres but a delayed start to the autumn

retailing for the shoes sector. In addition, the pharmacy sector continued to see declines in sales.

Keith Rogers of ECCO Ireland confirmed the experience of the shoe industry with a delayed start to autumn retailing. He emphasised to the Minister that the controversy over water charges was having a hugely adverse impact on the retail sector. Ian Talbot of Chambers Ireland also raised this issue. In particular, city centre retailers estimate a loss of 10-20% in trading as a direct result of the demonstration on 11th October in the city centre. A clear message from the retail sector is that a resolution to the water charges issue needs to be found urgently and that all efforts must be made to ensure limited disruption to trading during the Christmas shopping period.

Minister Nash acknowledged the concerns of the retail sector in this regard and emphasised that finding a solution to the water charges difficulties was a top priority for the Government.

Apprenticeships: Phil O'Flaherty from the Department of Education and Skills updated the Forum on the forthcoming call for Apprenticeships. The first meeting of the Apprenticeships Council was due to take place on 18th November and it is expected that the Council will issue a call for proposals for new Apprenticeships by the end of the year. SOLAS will be providing the secretariat for the call and 10-12 weeks will be given for responses to be submitted. The proposals should ideally be sectorally driven. There is an opportunity to scope out the demand for apprenticeships for the retail sector through engagement with existing skills providers. A collective proposal from the retail sector could be considered, or alternatively a number of different specific proposals.

3. Action Plan for Jobs 2015

The Minister introduced this item, referring to the short paper that was circulated for the meeting which summarised the suggestions that had been made by Forum members for the 2015 Action Plan for Jobs. Some of the suggestions reflected proposals that were included in the pre-Budget submission to the Department of Finance and would be more appropriately pursued in the context of Budget 2016. Some other proposals are best addressed through other channels such as the legislative process.

The Minister focused on a number of actions to support the retail sector that are being considered by the Department of Jobs, Enterprise and Innovation and other Departments for inclusion in the 2015 APJ. These included:

For the Department of Jobs, Enterprise & Innovation (DJEI), a commitment to review the report of the Oireachtas Committee on Town Centre Retailing and develop an action plan for the Forum to implement the recommendations in the report with the Consultation Forum, where possible; a commitment to roll out of the integrated licencing application portal and review it through the Forum;

For D/Education & Skills: examine how training for the retail sector can be expanded (with DJEI); consider increasing funding for ensuring those in employment as employment levels continue to rise; the funding of Skillnets; possible mainstreaming of Management Works;

For D/Environment, Community & Local Government (D/ECLG): encourage local authorities to show restraint in setting rates; integrate local economic and community plans; introduce additional exemptions into the planning process;

For the Department of Social Protection: roll out the Employment and Youth activation charter; identify what issues impact on the decision to take up employment;

For the Department of Finance: in particular, further progress to financing for growth through greater access to finance for SMEs;

For the Department of Communications, Energy and Natural Resources: the full roll out of the trading-online vouchers; the launch of the National Postcode system.

4. Business Costs

The Minister introduced the discussion on business costs, the main item on the agenda for the meeting. The Minister acknowledged that there are a number of headline costs that are easily identifiable for the retail sector – rents, commercial rates - that we may return to discussing in the context of the town centre retailing. There are also costs such as energy costs which are complex; a new Energy Paper was the subject of a public consultation by D/CENR. For the purpose of today's meeting, the Minister asked Forum members to look beyond these issues and to identify costs or administrative practices that could be addressed to reduce the cost of transacting with the State sector. Costs that could be appropriately addressed by the retail sector itself could also be identified.

Members of the Forum had the opportunity to discuss these issues at each of the five tables and appointed a rapporteur to present their findings to the group. Set out below are the issues that were raised by the groups:

Licensing : need to establish if all licences are relevant or necessary in the modern era. The issue of licences is not just about the costs of licences but also the added costs of administration; and this should be examined by an external group to establish if all licences are still considered necessary. For example, Weights and Measures have increased their charges and the costs of Tobacco Sales licensing may be increased under legislation to be proposed in the near future.

Where new licencing processes are being considered, there should be an engagement with relevant sectors from the start of the process to ensure that industry concerns and issues are addressed.

Minister Nash confirmed that the issue of licencing would be considered in the context of preparation of the 2015 APJ.

Payments: While Government Departments have a very good record in terms of prompt payment, there is still a difficulty with some Government Agencies in obtaining payment for goods and services in a timely fashion.

National Training Funds: There is a need to rebalance expenditure under NTF - in recent years the emphasis has been on training and upskilling the unemployed. Now with the recovery under way, greater emphasis needs to be placed on training for people in employment.

Wage Costs – Employer’s PRSI: Considered a major issue – if the 4.5% rate was introduced it could have the potential to create 10,000 jobs immediately.

Online Vouchers: More funding needs to be allocated to increase the number of online trading vouchers available.

Virtual Costs: Environmental issues such as anti-social behaviour, drug use and begging, particularly in Dublin 1 and 2 areas, needs to be addressed as this is impacting upon footfall in these areas.

Gambling Amendment Bill: Delays in enacting this legislation has led to up to 500 jobs being lost in this sector. This needs to progress as soon as possible.

Retail Business Funding: The issue of availability of Finance was raised at a number of tables. In particular, there is a gap in the market for availability of finance for retailers who are still carrying legacy debt. This could be addressed through measures of equity or finance.

Commercial Rates: This is a key issue – rates should be based on turnover.

Part Time workers: The Social Welfare regulations which restrict those in receipt of social welfare from taking up more than 3 days’ work without impacting on benefits are problematic for employers and there should be greater flexibility in the system. DSP explained that they are examining issues which prevent employees from taking on extra hours but it is unlikely to be resolved in the short term. It was also suggested that realigning the social welfare week (Currently Wed – Tues) to the normal working week would be beneficial.

National Payments Plan: There is a shift away from a cash based society, however this is imposing costs on both consumers and retailers arising from increased bank charges. It was suggested that a reduction in the rate of VAT to be applied to cashless purchases would act as an incentive to facilitate the transition to a cashless society and would also facilitate recording of transactions for VAT purposes.

VAT rate: The 23% VAT rate is too high and is problematic for retailers trading on line who are competing internationally (especially against online sales) with countries with lower rates. There was also an issue of perception where the 23% rate is equated by consumers to one quarter of cost, whereas the 20% rate is seen correctly as one fifth.

Communications: It was suggested that communication from Government Departments / Agencies needs to be improved and that the State needs to communicate better with Industry.

Other issues raised included the need for **greater wage certainty** which is impacting on consumer confidence (the proposed Low Pay Commission was welcomed as it would de-politicise the setting of the National Minimum Wage), the potential impact on business costs of a shortfall on domestic water charge revenue, tackling the Black Market economy, waste management /**Repak recycling** costs and the **costs of regulation**.

The Minister thanked all the Members of the Forum for contributing to the discussion on business costs. A number of the issues raised could be pursued in the context of the 2015 Action Plan for Jobs or as budgetary issues to pursue with the Department of Finance in the context of the 2016 Budget. Other issues will be followed up by the Secretariat.

5. AOB

Under AOB, Edel Clancy of Musgraves raised the issue of the SEPA Business to Business Scheme. The Core SEPA Business to Consumer scheme was introduced in 2014 and a temporary arrangement for Business to Business was found which is due to expire in February 2016. A more permanent solution needs to be identified and work on this will need to get underway as soon as possible to allow for the roll out of IT systems before the deadline of February 2016. DJEI said it would engage directly with Musgraves on this issue.

Keith Rogers from ECCO again reiterated the urgency attaching to finding a solution to the water charges issue before the proposed next date of 10 December for a mass demonstration against the charges. The Minister understood the need for clarity on this issue.

The Minister thanked the members of the Forum for attending the meeting and expressed the hope that the Report of the JOC on Jobs, Enterprise and Innovation would be published shortly. The Minister suggested that a special, off-site meeting of the Forum might take place to discuss the findings of the Report.

Catherine Curran
Secretariat to the Retail Consultation Forum

Appendix 1 – Attendance List

Minister of State for Business & Employment, Ged Nash, T.D.

Rebecca Birchall, Fishers of Newtownmountkennedy

Helen Blake, D/Taoiseach

Stephen Brennan, D/CENR

Tara Buckley, RGDATA

Thomas Burke, Retail Ireland

Edel Clancy, Musgraves

Denis Conlan, D/Environment

Catherine Curran, D/JEI

Jim Curran, Irish Pharmacy Union

Mark Fielding, ISME

Eoin Fitzpatrick, Fitzpatricks Wholesale

Katrina Flynn, D/JEI

Tony Gallagher, D/Finance

Joan Gordon, D/SP

Deirdre Grant, Special Advisor to Minister Nash

Seamus Grehan, D/JEI

Annemarie Harte, Hardware Association of Ireland

Fenton Howell, D/Health

Vincent Jennings, CSNA

Daniel McLoughlin, CCMA

Seán Murphy, Retail Excellence Ireland

Helen O'Donnell, Dolmen Catering

Phil O'Flaherty, D/Education

Seán Ó Suilleabháin, D/Environment

William Parnell, D/JEI

Keith Rogers, Ecco Ireland

Noel Sheahan, D/TTS

Alan Sherlock, SFA

Ian Talbot, Chambers Ireland