

# Minutes of the 1<sup>st</sup> Meeting of the Retail Consultation Forum

9<sup>th</sup> June 2014

**Chair:** Declan Hughes, Department of Jobs, Enterprise and Innovation (Forfas)

**Attendance:** Attendance list is at Appendix 1. Apologies were received from John Fay, Supervalu, Coothill.

## 1. Opening Addresses

The Minister for Jobs, Enterprise and Innovation, Richard Bruton TD, opened the Forum by outlining the importance of the retail sector to the Irish economy, the diversity of the sector, the varying performance of the different sub-sectors in recent years, and the background to the establishment of the Forum. He indicated his hopes that the sector would work in partnership with Government Departments in developing sustainable proposals to further assist the retail sector. Minister Bruton also referred to the work being done by the Joint Oireachtas Committee on Jobs, Enterprise and Innovation to look at town centre planning and renewal of town centres, which will form the basis of a discussion at the Forum in due course.

Minister for Small Business, John Perry TD, also gave an opening address which referred, among other things, to the importance of consumer confidence, the need to ensure suitable credit options for retailers to operate, the new powers which have recently been conferred on Local Authorities through the opening of the Local Enterprise Offices, and the need for retailers to continue to be at the forefront of technological advancements, including online retailing.

## 2. Terms of Reference

The Terms of Reference, which had been circulated to Members in advance, were noted.

There was a proposal that the Department of Health should be included on the Forum, given that some issues relating to public health policy (e.g. in relation to alcohol and cigarette sales) impact on the retail sector. The Secretariat agreed to follow up on this suggestion with the Department of Health.

It was also suggested that the Department of Justice and Equality should join the Forum, but it was agreed that they would be invited to those meetings where issues of relevance to their remit were being considered. It was also agreed that other stakeholders would be invited to meetings where issues of particular relevance to them were being discussed.

## 3. Schedule of Meetings

It was agreed that meetings would generally be scheduled for the morning of the 2<sup>nd</sup> Monday of the months of March, June, September and November. The 2 remaining meetings for 2014 will be held on 8<sup>th</sup> September<sup>1</sup> and 10<sup>th</sup> November.

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<sup>1</sup> The date of the September meeting was subsequently changed to 11<sup>th</sup> September to facilitate the meeting being chaired by Minister of State for Business and Employment, Jed Nash.

#### **4. Themes**

A discussion took place on the list of proposed themes for discussion at forthcoming meetings, as circulated in advance by the Secretariat. While the topics identified were considered relevant, additional items were suggested by members of the Forum. A revised list of themes for consideration by the Forum in the course of its work is at Appendix 2.

The Chair outlined a proposed sequencing of topics for the forthcoming year. However, members were invited to respond to the Secretariat if they had particular views on the prioritisation of the issues.

#### **5. Budget 2015**

A discussion on proposals to support the recovery of the Retail sector for Budget 2015 formed the central part of the Forum's meeting. Members had been invited to consider possible proposals in advance, and a number of members submitted papers to the Secretariat which were circulated at the meeting.

##### **Impact of 9% VAT Rate**

There was a discussion on the current 9% VAT rate, with a number of retailers calling for the rate to remain in place. As part of the discussion around this, there was a call for any tax decisions already made to be announced in advance of the Budget, to help facilitate companies with hiring/staffing decisions (e.g casual summer staff or full-time employees), but the meeting was reminded that all budget decisions are announced on Budget Day and not before.

Also, as part of the discussion seeking to retain the 9% rate, some Members referred to the impact of the increase in the higher VAT rate to 23% a number of years back, as many retailers had to absorb this increase themselves and reduce their own margin. There was a call for that rate to be revisited in light of improving economic conditions.

##### **Impact of Home Renovation Initiative**

While there was a general welcome for the Home Renovation Initiative (HRI), there were calls for an awareness campaign to outline the positive impacts of the scheme for homeowners, rather than focussing on the objective of the scheme tackling unregistered contractors in the construction sector. There was a suggestion that publicising some information on initial uptake of the scheme and its success would also help to attract more homeowners to take advantage of the initiative.

There was some discussion of the VAT rules within the HRI scheme, which, for example, allow kitchen installers to charge new appliances at the 13.5% VAT rate to householders once they form no more than 1/3 of a contract, whereas electrical retailers must sell such goods at the standard 23% VAT rate.

##### **JobsPlus Scheme**

Members indicated that there had been a poor take-up of the scheme and that it was proving difficult to attempt to hire people under the scheme, with many candidates not proving eligible at the end of selection processes. It was noted that there is an option for persons on the Live Register to get a certificate showing eligibility at a point in time and it was suggested that

employers could seek this from potential candidates after shortlisting, but before final selection interviews. The recently launched skills2work.ie portal, which provides information on various schemes available to potential employers, was also noted.

It was agreed that the JobsPlus scheme was broadly useful but that employers still have issues around administration, awareness and guidelines.

Other members raised the costs to employers of those already employed, and the potential for mandatory pension schemes and sick pay schemes being introduced which would further add to costs. Retail members of the Forum asked that such schemes should not be introduced by the Government, particularly given the high proportion of overall costs that are labour costs (50%) in the retail sector.

### **Other Proposals for Consideration in Budget 2015**

During the course of the following discussion, a range of further Budget proposals were made and the rationale for them explained. As there were no specific costings available for most proposals, Members were requested to revert after the meeting with details of the scope and cost of the proposals for consolidation into a submission to the Department of Finance, for consideration in the context of Budget 2015.

The key proposals for Budget 2015 which arose from the discussion were:

- The importance of clarity of information from Government Ministers in relation to the Budget – speculation and “kite flying” damages consumer confidence.
- There should be no increases in Excise Duties or Income Taxes.
- VAT Issues:
  - Reduction of the 23% top rate to improve Ireland’s competitiveness, particularly given the increase in on-line trading which goes overseas
  - VAT Categorisation, e.g. larger sized school uniforms paying 23% rate, smaller ones 0% (child exemption)
  - Reduce VAT on building and hardware materials to support construction suppliers.
- PRSI: Reintroduce the lower rate of Employers’ PRSI of 4.25% for those earning less than €356/week.
- Introduce a Scrappage Scheme for Water Efficient and Energy Efficient white goods such as dishwashers and washing machines. This could have a particular attraction with the impending introduction of water charges and could also support the reduction in energy consumption to reduce Greenhouse Gas emissions.

- Grants/Tax Relief for investment in Energy Efficiency in retail stores.
- Double the visitor tax-back level from €2,000 to €4,000 to stimulate additional spending by overseas visitors.
- Reduce the level at which Low Consignment Tax Relief applies. This scheme allows small, inexpensive goods such as CDs to be purchased from abroad without payment of tax. It makes on-line purchases more attractive than purchasing the same item in retail outlets here.
- More NTF funding to be targeted at training people in employment.
- Extend the Home Renovation Scheme beyond 2015.

During this discussion, there were other issues raised which are not Budgetary matters but which impose costs on the sector and could be considered by the Forum in due course. These include:

- Cost of registration of pharmacies
- Commercial rates
- Enforcement of legislation
- Methods of payment of certain allowances (e.g. winter fuel allowance) from cash to voucher (Black economy issue)
- Pass Private Members' Bills to ban Upward Only Rent Reviews
- Enacting the Betting Bill as a matter of urgency to save jobs in bookmakers shops
- Sales of tobacco products
  - duty-paid allowances from overseas,
  - proposed increases in tobacco licensing charges,
  - proposed changes to vending machine regulations for tobacco sales.

## **6. AOB**

The next meeting of the Forum was scheduled for Monday 8<sup>th</sup> September. (This was later rescheduled to Thursday 11<sup>th</sup> September due to incoming Minister Ged Nash TD taking over the role of Chairman of the Forum).

**Gráinne O'Carroll**  
**Secretary**  
**Retail Consultation Forum**

**Appendix 1**  
**Retail Consultation Forum Attendees**  
**9 June 2014**

**Retail Sector Representatives**

Stephen Lynam	Director	Retail Ireland
David Fitzsimons	CEO	Retail Excellence Ireland
Tara Buckley	Director General	RGData
Ian Talbot	Chief Executive	Chambers Ireland
Aviné McNally	Assistant Director	Small Firms Association
Mark Fielding	Chief Executive	Irish Small & Medium Enterprises
Vincent Jennings	Chief Executive	CSNA
Jim Curran	Director of Communication & Strategy	Irish Pharmacy Union
Jim Copeland	Chief Executive	Hardware Association of Ireland
Rebecca Birchall	Director	Fishers of Newtownmountkennedy
Keith Rogers	Head of Retail	Ecco Ireland
Frank Gleeson	MD of Food Services	Aramark
Eoin Fitzpatrick	Managing Director	Fitzpatricks Wholesale
Helen O'Donnell	Owner	Dolmen Catering
Ray Hernan	Chief Executive	Arnotts
Aidan Candon	CEO	Euronics Ireland
<b>Public Bodies</b>		
Declan Hughes	Assistant Secretary (Chair of first meeting)	D/Jobs, Enterprise & Innovation
William Parnell	Competitiveness Unit	D/Jobs, Enterprise & Innovation
Helen Blake	Economic Policy	D/Taoiseach
Ailish O'Connell	Medium Term Economic Strategy	D/Finance
Donal Enright	Local Government Policy	D/Environment, Community & Local Government
John Kelly	Further Education & Training Section	D/Education & Skills
Ray O'Leary	Assistant Secretary	D/Transport, Tourism & Sport
Joan Gordon	Principal Officer	D/Social Protection
Dr. Stephen Brennan	Chief Digital Advisor	D/Communications, Energy & Natural Resources
Daniel McLoughlin	Chair CCMA, South Dublin County Manager	County & City Manager's Association
<b>Secretariat</b>		
Gráinne O'Carroll	Secretary to Forum	D/Jobs, Enterprise & Innovation
Jennifer Billings	Secretariat	D/Jobs, Enterprise & Innovation
Geraldine Furlong	Secretariat	D/Jobs, Enterprise & Innovation

## Appendix 2

### Themes for consideration by the Retail Consultation Forum (as revised following first meeting of the Forum)

- Budget 2015 (covered in June 2014 meeting)
- Impact of VAT rates (including 9% rate) and Home Renovation Incentive scheme on retail sector (covered to some extent in June 2014 meeting)
- Proposals for Action Plan for Jobs 2015
- Costs for Retail Businesses, including Employers' labour costs, regulation, impact of re-valuation process, administrative burdens, Personal Injuries claims, Credit cards costs and bank charges for retailers.
- Town Centre shopping (to be based on forthcoming Joint Oireachtas Committee report)
- Replicating best practice initiatives from Local Authorities to support the retail sector
- eCommerce, including broadband provision, etc.
- Skills for Retail, including promoting retail as a career
- The Black Economy, including Casual Trading, smuggling (of fuel and other goods) and "Personal Use" limits for duty-free or duty-paid imports
- Initiatives from the Department of Health and implications for the retail sector
- Business Licencing Application Portal
- Credit worthiness database
- Impact of National Payments Plan
- Grocery Sector specific issues
- Innovation as a means of improving competitiveness in the sector
- Communication of new and existing schemes and incentives available to retailers
- Licencing regime for Pharmacy sector

**\* Other topics can be added to the list at the request of Forum members**