

# Minutes of the 7th Meeting of the Retail Consultation Forum

O'Callaghan Alexander Hotel, Dublin, 16th October 2015

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

## 1. Opening comments and minutes of previous meeting:

Minister Nash outlined the main issues for discussion today, namely the proposed follow up initiatives to the Joint Oireachtas Committee Report on town centre retailing and a presentation by the Department of Public Expenditure and Reform on the recently introduced Regulation of Lobbying Act 2015. Minister Nash apologised as he would need to leave the meeting early and Assistant Secretary Clare Dunne would take over the Chair at that point.

Minister Nash welcomed Colin Fee, a Director of RGData as a new member of the Forum and welcomed Lynn Drumgoole (REI), Kathleen Cahill (RGData), Mark O'Mahoney (Chambers Ireland) and Leigh Farelly (D/Taoiseach), all representing absent members of the Forum.

The report of the 15th June was agreed.

## 2. Update on Developments

### **Budget 2016:**

Minister Nash outlined the various measures which were introduced or extended in Budget 2016 which will have a positive impact on the retail sector, including:

- New income tax credit of €550 for self-employed;
- Reductions in debit card transaction fees, combined with reduction of interchange fees on credit cards will save retailers €36 million per year.
- Greater incentives for customers to pay by card;
- Retention of 9% VAT on certain goods and services;
- Extension of Home Renovation Scheme;
- Significant changes to commercial motor tax rates;
- Reduced Capital Gains Tax of 20% for successful entrepreneurs;
- Key Change: increase in disposable income through significant changes to the Universal Social Charges.

### **Developments in the Retail Sector:**

Positive trends in both volume and value in retail sales are welcome and retail sector is expecting that the crucial Christmas shopping period will be much improved over previous years. Key challenge is to ensure that the positive consumer confidence and increased disposable income is spent in the local economy.

### **Initiatives arising from the JOC Report:**

The key purpose of today's meeting is to endorse the setting up of three Working Groups in response to a number of the recommendations made by the JOC Report on Town Centre retailing which were discussed at the special meeting of the Retail Consultation Forum held in Drogheda in April. Minister Nash asked all members to sign up to participate in the Working Group/s that were most relevant to them.

Under this item the Terms of Reference of two of the three proposed Working Groups were discussed as the TOR of the third group (Retail and the Digital Economy) would be discussed under a later item. The issue of skills for the retail sector was also discussed under this item.

**Working Group on Retail and Town Centre Revival:**

Town Centre revival was the key focus of the JOC report. The objective of this Working Group is to draw on existing reports, expertise and examples of best practice to identify a framework for the revival of town centres which could be piloted and rolled out across the country.

Forum members welcomed the establishment of this Group and expressed their satisfaction with the draft Terms of Reference circulated which would be approved at the first meeting of the Group. It was felt that the Group could benefit from input from relevant experts in the field and from international best practice. Some members expressed the view that a funding stream would be needed for the development of a national Framework for town centre revival.

**Working Group on Retail and Reducing Energy Costs:**

The purpose of the Group is to explore possible solutions in relation to facilitating comparison of energy costs across different providers; identifying practical actions retailers can take to reduce energy costs; identifying means of raising awareness among retailers about energy cost reduction and cost comparison. Vincent Jennings of the Convenience Store and Newsagents Association (CSNA) has offered to chair the Group. It is anticipated that this Working Group will present recommendations to the Retail Consultation Forum by end of Quarter 2, 2016.

Members of the Forum welcomed the establishment of this Group as a demonstration that the issue of energy costs for retailers, in particular smaller retailers, is being taken seriously and that the Forum is making a commitment to address this issue.

Comments by members:

- the group could look at the schools' energy programmes for reducing costs;
- the issue of examining the PSO levy could come under "identifying key barriers/challenges for retailers";
- it is important that the group goes beyond information sharing/awareness raising and looks at the structures that are in place to assist with reducing costs.

**Skills for the Retail Sector**

The issue of skills for the retail sector was the key focus of the March meeting of the Retail Consultation Forum and it is an issue that the Forum had agreed to return to. Minister Nash proposed that, as an action for inclusion in the 2016 Action Plan for Jobs, a Retail Skills Working Group be set up within the Forum to examine the key issues and challenges identified at the March meeting. He opened the floor for discussion on this issue.

**Comments from members:**

- It is essential to identify the skills gaps in the Retail Sector and how they might be addressed;
- A more strategic approach to skills for the retail sector is needed and the best place to start is with the Expert Group on Future Skills Needs (EGFSN) and the recommendations they made in their report on retail (year?)
- A coordinated approach to skills is needed among the skills providers and also the retailers;
- There are many courses available, both for pre-employment and in-employment training but difficulties with raising awareness of them, attracting talent to them or, for in-employment training, difficulty for smaller retailers to make time to avail of essential training;
- A united front is needed within the sector to promote retail as a career, competing on a level par with other key sectors of the economy for talent;
- One avenue for addressing this is through increased promotion of retail as a career option in secondary schools;
- The APJ enables government to work with the private sector to identify initiatives that will assist with the creation of sustainable employment.

**3. Trading Online Voucher Scheme & the Working Group on Retail & the Digital Economy**

Dr Stephen Brennan of the Department of Communications, Energy and Natural Resources (DCENR) and Digital Advisor to the Government made a presentation to the Forum on the Trading Online Voucher Scheme (TOVS) which was launched by DCENR in 2014 and is delivered by the Local Enterprise Offices. Dr Brennan is also going to be the chair of the third working group being established today, the “Working Group on Retail and the Digital Economy”.

**Key messages from the presentation:**

- DCENR will be carrying out an in-depth study of the digital economy in Ireland and the TOVS in early 2016. Currently it is estimated that the digital economy in Ireland is worth about 5% of GDP whereas the EU average is 7%. Significant spend (upwards of 60%) is going abroad.
- There is evidence of significant productivity and efficiency gains from using digital and that it presents a huge opportunity for Irish retailers given the untapped potential to connect with customers;
- The analog customer journey (shop windows, browsing to purchase) is paralleled in the digital world and customers are more and more informed with regard to the product they are seeking to purchase;
- Traditional industries have the most to gain from going digital and there is significant export potential for them;

**TOVS:**

- Over 4000 businesses have completed the 2-3 hour pre-application training/information session;
- 80% of those who attended training said it helped them identify more clearly what their digital needs were and how to use the existing infrastructure more effectively;
- 1200 have been awarded vouchers

- Of these 1200, 85% have seen an increase in customer enquiries, 21% have seen increase in sales and 99% expect online sales to grow in importance;
- Approx. 11 hrs/week is spent running online sales, 71% expect to employ, average number of new jobs per business is 1.38.

#### **Discussion –what should the Working Group look at?**

- Can the TOVS be examined for potential to extend to larger businesses? (digital challenge is not just confined to micro businesses);
- Is there the opportunity for TOVS-like support to be mainstreamed?
- Could an R&D-like tax credit for investment in digital infrastructure be considered?
- Need to look at existing online training schemes for retail sector- should a coordinated approach be recommended? who should be targeted? owner manager or more tech-savvy employees?
- There are issues with regard to supporting digital trading with logistical support (warehousing and distribution) and training needed for this;
- Can digital play an adjunct role in revitalising town centres?
- Would it make sense to extend the TOVS to specific sectors? ie hardware?
- A key challenge is the lack of available reliable data on the digital economy. CSO does not capture digital spend between domestic and international;
- Consumer protection is also an issue to be borne in mind and the issue of trust online.

The establishment of the Working Group on Retail and the Digital Economy provides the opportunity to examine how to leverage the opportunities of the digital economy and to identify ways that we can support this. Results from any targeted training programmes are positive, there is a need to build scale here and expand the training that is provided to build greater trading online presence among Irish retailers. Forum members were happy with the proposed TOR of the Working Group.

It was agreed that all three Working Groups established at today's meeting would meet at least once before the next meeting of the Retail Consultation Forum and interim progress reports would be provided at the next meeting.

#### **4. Regulation of Lobbying Act 2015**

At the previous meeting of the Retail Consultation Forum members had asked for more information on the Regulation of Lobbying Act 2015. Officials from the Department of Public Expenditure and Reform (D/PER) made a presentation to the Forum on the Act and took questions from members in relation to the impact of the Act on the retail sector.

D/PER explained that the Act, which came into force on 1 September 2015, recognises that lobbying is an essential part of the democratic process and that public bodies should continue to facilitate and encourage communication with organisations such as interest groups, representative bodies, industry, NGOs, charities and others as this provides views, information and feedback that are essential to the public policy making process.

D/PER gave an overview on the scope of the Act, explaining that lobbying constitutes any communication with Designated Public Officials on a relevant matter by persons who fall within the scope of the Act. Definitions of each of these qualifying criteria were given by D/PER.

However, the Act does not seek to capture and register interactions within certain forums such as task forces or working groups that bring together public and non-public officials provided that these groups comply with the Transparency Code as set out in the Regulation of Lobbying Act. The Retail Consultation Forum is deemed to be one such grouping as it was set up to provide a platform for engagement between public sector officials and representatives of the retail sector to discuss and identify solutions to the challenges facing the retail sector.

In order to comply with the Transparency Code, the following information will need to be made public:

- Name and function of the Chairperson and all members;
- Whether any non-public servant members were previously Designated Public Officials;
- Terms of reference of the Group;
- Agendas and minutes of all meetings as of 1 September 2015;
- Expected timeframe for the group to conclude its work;
- Reporting arrangements.
- These criteria also apply to any Working Group set up within the Forum.

Discussion:

- Clarification was sought regarding the list of Designated Public Officials and how they are identified, in particular outside of central government;
- Representative bodies themselves are very clear on their obligations regarding the Lobbying Act and registering communications that are deemed to be lobbying;
- However, the biggest concern was that individuals that are members of their representative body, and who happen to employ more than 10 people, might communicate with a DPO on a relevant issue without being aware of it. There is no obligation under the Act for the DPO to identify him/herself as a DPO in this situation and yet the person communicating with the DPO (or being communicated with) could be in breach of the Act unbeknownst to him or her.

DPER explained that the practical implementation of the Act would be carefully monitored and sanctions would not come into force immediately. The Act will be reviewed after one year.

## **5. APJ 2016 Proposals:**

Minister Nash outlined the proposed draft actions for inclusion in the 2016 APJ. These included an action on progressing the implementation of relevant recommendations in the JOC Town Centre retailing report, setting up a working group to examine skills issues, examining the potential for further roll out of the TOVS as discussed today and reviewing the integrated licence application portal at an appropriate time.

## **6. AOB**

### **SEPA**

The introduction of a B2B SEPA scheme which does not provide an 8 week refund right is optional and Irish banks have not to date agreed to invest in the infrastructure to introduce it. In the meantime, the EU granted a temporary solution whereby B2B transactions could be

carried out through the Core SEPA scheme and businesses could sign a waiver to the 8 week refund right. This arrangement runs out on 1 February 2016 and will not be extended.

Members of the Forum have been in contact with the Department of Finance, the Banking Payments Federation and the Banks to try to find a solution to this issue which will affect approximately 200 distributors and tens of thousands of their customers. Members of the Forum gave an update on a meeting with the Banks last week. While the Banks acknowledge the huge exposure for their business customers from the 1st of February 2016, the necessary infrastructure to introduce a B2B SEPA scheme is costly and it is unlikely that the banks will have it in place within the deadline. However, the banks are committed to working with the sector and an interim solution is being sought.

**Secretariat to the Retail Consultation Forum**