

RGDATA Pre- Budget Submission to Retail Consultation Forum

RGDATA, as the representative organisation for 4,000 independent shops, convenience stores and supermarkets would like to highlight some key priorities from Budget 2019 which we believe are necessary for the retail sector.

The economic contribution of RGDATA members

Our members make a significant national economic contribution which translates directly to employment and investment in local communities;

- Independent retailers provide 90,000 jobs nationally – not just in regional clusters
- Our contribution to the national economy is €3.6 billion
- Our local investment through commercial rates and other charges is close to €100m annually.

The current economic climate for our members

While the economy is experiencing a recovery in some areas, retailers nationally are not feeling the same level of upswing. Depending on where they are located, the convenience/grocery retailers that RGDATA represent have seen some increase in volume of sales but the value of those sales has not increased at the same rate due to extremely tight margins in a very competitive sector.

The market within which our members' operate is very competitive and has become increasingly pressurised in recent years following increasing costs such as insurance, the increase in the minimum wage, commercial rates and utility costs, all of which are hampering retail recovery, employment and investment.

RGDATA's Budget priorities:

1. **Ease the taxation burden:** – RGDATA urges the Minister for Finance to pursue a budgetary strategy which does not impose a further taxation burden on people or businesses. RGDATA proposes preventing the imposition of additional taxation charges in order to maintain disposable income which will be used to support local businesses.
2. **The establishment of a National Town Centre Health Check Programme:** RGDATA was part of a very successful town centre renewal initiative involving the Heritage Council, Local Authorities' and the Department of Housing, Planning & Local Government. This low cost programme, which was piloted successfully over 12 months, helped 8 town centres to identify new evidence based approaches, through Town Centre Health Checks, to regenerate their urban areas. RGDATA is seeking the establishment of a National Town Centre Health Check Programme. An allocation of €750,000 for 2019 would allow this programme to expand to an additional 20 towns nationally with significant incremental benefits for these towns and their environs. This modest allocation would make a real contribution to regeneration in 20 local economies.

- 3. Inclusion of Employers and Public Liability cases in the National Claims Database:** Retailers need insurance reform now. Excessive insurance costs represent a significant drain on Irish businesses and are now at a stage where they are presenting a direct threat to the viability of many shops in Ireland.

The latest *Report on the Cost of Employer and Public Liability Insurance* (Department of Finance, May 2018) indicates that the Central Bank of Ireland will produce a report on the merits and feasibility of collecting employer liability (EL) and public liability (PL) insurance data for inclusion in the National Claims Information Database at the **end of 2019**.

Retailers cannot wait until the end of 2019 for this report. RGDATA proposes that the Government give a greater sense of urgency to the inclusion of EL and PL insurance data for the National Claims Database and to bring forward the date for the Central Bank's report on this area so that work can begin on insurance reforms for businesses in Ireland now. Any additional budgetary resources required to allow the Central Bank to complete its work in this area should be allocated in Budget 2019.

- 4. Commercial Rates and LPT:** For too long businesses have faced an unsustainable burden for funding local services. During the recession, the percentage of funding for local authorities from commercial rates, increased from 28% of local authority funding in 2010 to 37% in 2015.

It had been hoped that when the Local Property Tax (LPT) was introduced that the current burden of commercial rates imposed on businesses would be reduced. However this has not happened and instead local businesses have seen their commercial rates maintained at the same levels or increased, while local authorities act to reduce the LPT within their functional area by up to 15% - as the Local Elections approach in 2019 it is likely that this imbalance will worsen further as local authorities seek to reduce the impact of charges on residential consumers. . This imbalance needs to be addressed - one way would be to impose an obligation on Local Authorities only to reduce the LPT for domestic customers if they are going to make similar scale reductions for commercial ratepayers. This needs to be centrally led as local authorities will not exercise the prudent discretion required to deliver this. This can be achieved through Budget 2019.

- 5. Employment creation:** a reduction in employers PRSI for part time workers would aid new employment creation in the retail grocery sector. Specifically a reduction in the employers PRSI rate to 4.5% for the first calendar year of employment would go a long way to reducing the initial costs associated with the engagement of new staff.

- 6. No increase in labour costs:** Labour costs are a huge issue for independent retailers and RGDATA was disappointed with the latest increase in the minimum wage which came into effect in January of this year.

Any further increase in labour costs could be extremely damaging to our members who are already struggling with ever increasing business costs, many of which are out of their control. RGDATA urges the Government not to impose any further labour costs for Irish businesses.

7. **Tackling the black economy:** RGDATA is calling for greater efforts to be put into tackling illegal traders, especially along the Border.
For established retailers it is deeply concerning that they must compete with a range of unlicensed or mobile businesses which can trade with relative impunity without adherence to the various regulations, taxes and codes that apply to high street traders. Not only is the presence of the black economy deeply unsettling and demotivating for retailers, but it is also creating a direct loss of revenue for the Exchequer through the loss of tax collection across a number of heads, including VAT, Excise, Carbon Tax and of course the various employment related taxes that are foregone. It is estimated that the Irish economy loses approximately €600m to €1.5bn each year as a result of illicit trade. RGDATA is calling for a renewed initiative aimed at tackling the Black Economy as it impacts on the retail grocery trade in Ireland.

8. **Brexit:** Brexit will have a direct and significant impact on the retail grocery sector – our members in Border areas will face considerable challenges as the impact of Brexit takes hold – most specifically through enhanced currency differentials and regulatory structures that are not aligned with the EU any further. Budget 2019 needs to recognise that these retailers will require support to manage the transition to Brexit and specifically to ensure that they can maintain operational and employment levels through a period of uncertainty and change.

RGDATA is grateful for the opportunity to advance our proposals to the Retail Consultation Forum and hopes that they will be included in the Forum's Budgetary proposals for transmission to the Minister for Finance.

I look forward to discussing these matters with the Forum at a later date.

Yours sincerely,

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