

Opening Statement by Tara Buckley, Director General, RGDATA to the Oireachtas Committee on Enterprise, Trade and Employment

Wednesday 16th November 2022

Mr Chairperson and members of the Committee

Thank you for the invitation for RGDATA to appear before the Committee to discuss the challenges facing small businesses.

Before I start my opening statement can I introduce you to my colleagues who are joining me here today.

I am joined in person by Colin Fee, RGDATA President who owns convenience shops and a restaurant in Co Louth and RGDATA Director Rachel Twomey who owns a supermarket in Deansgrange village in South Dublin and online we are joined by Annie Timothy who runs a supermarket in Abbeytown, Co Roscommon and Pdraig Broderick who runs a town centre convenience store in Croom Co Limerick and Leona Pender from Kilcock, Co Kildare.

All of my colleagues are keen to give you some perspective on the specific challenges that they are facing at this time.

At the outset let me tell you about RGDATA and the people that we represent.

RGDATA represents the 3,500 independent family owned food retailers of Ireland.

Our members operate in every community in Ireland providing employment and local services to their towns, villages or local communities in city centres and urban areas. RGDATA members make a big economic contribution nationally – over 100,000 people are working in our stores and we generate over €4bn annual to the national economy.

RGDATA members, who have over a third of the retail grocery market share in Ireland, share a number of common features across their businesses.

- All the businesses are independently owned – the person who owns the shop is directly involved in running the business. Usually on the shopfloor from morning through to night.
- In the past 30 years most of the businesses have become affiliated to a buying group and trade as symbol retailers – usually with their own family name associated with the store. This has enabled them to remain viable and compete with the biggest multinational global grocery retailers.
- Our members are substantial employers – retailing is a labour intensive service business – and the formats operated by our members typically employ more staff proportionately than other retail models per square metre.
- The business is highly competitive – our members compete against Irish and international retailers – including some of the largest food retailers in the world.
- The members businesses are rooted in the local community – our members stores are usually located at the heart of their local community. And they employ, source and invest in the local community. They provide diversity, value and choice to local communities.

- Every day our members must earn their customers business – nothing is taken for granted.

The past 12 months has brought a series of unprecedented challenges to the independent retail grocery sector and our members have been impacted in ways that few expected at the start of the year. Sitting here before you today I can honestly say that this is the most challenging and stressful time that independent food shopkeepers have faced since the founding of RGDATA.

Local convenience shops are heavy users of electricity.

A modern food shop has an extensive power demand through the load required for refrigeration, lighting, air conditioning and plant. Many of our members have invested heavily in measures to increase energy efficiency and reduce their energy consumption – but all still have high essential energy use as part of their business – you can't just turn the fridges off or leave the store in darkness.

The scale of the increases in electricity costs since February 2022 is simply staggering. My colleagues here can directly address the level of increases that they have faced. For instance, Annie Timothy from Roscommon can tell you how her normal €6,000 per month electricity bill has climbed to an eye watering €21,000 over 6 months. Most of our retailers have seen their electricity bill more than treble over the last 6 months – and all at a time when turnover has stayed static, or actually declined due to consumers being under increased pressure.

We welcome the Temporary Business Energy Support Scheme announced in the Budget – it will be of some help. However, it needs to be revised to take account of increased electricity costs incurred since 1 March 2022 and not 1 September.

It also needs to be reviewed in the months ahead to see if the level of support provided needs to be increased to deal with an anticipated increase in bills through the winter.

Left unchecked, the energy crisis has the capacity to shut down many viable but vulnerable shops. They just cannot continue to trade in the face of such adversity.

As labour intensive businesses RGDATA members are facing a host of new employment costs. Many of these costs are as a consequence of State imposed labour costs, whether through increased wages/sick pay or pension provisions.

Our members are good employers and are always keen to meet their obligations and responsibilities to staff.

But there is a simple conundrum of how these additional costs can be funded at a time of unprecedented challenges.

The reality for many trading retail grocery businesses is that they are operating with low margins, facing increased competition and increased costs and dealing with reduced consumer expenditure.

Of course, this time of particular challenge will pass, but in the meantime businesses that can remain viable need Government support to help adapt to increased State imposed employment costs. There is no hidden pot that retailers can dip into and the increased cost pressures are plain for all to see.

During the COVID 19 crisis, the Government demonstrated creative and meaningful ways of helping viable businesses to support and sustain employment – similar schemes are required now and for at least the next 12 months.

Our members are hard working retailers who will compete with the largest and the biggest – they are good at what they do and run local food shops to a standard and quality that meets the highest European standards. Not only do they battle against the competition, but they also have to trade in what is an increasingly challenging operating environment.

All of our members pay significant commercial rates and local charges to local authorities. The rates revaluation programme which is proceeding nationally is also causing huge stress as shop owners in areas like Donegal are massive 100% increases in their building valuation and now fear the increased rates demands that they are facing from their local authority.

Insurance costs continue to be a huge issue for local shops and despite broad political support for measures to tackle exorbitant insurance costs, the insurance industry is still disgracefully slow in bringing in reductions in premia. The time has come for them to be shamed or taxed into producing reductions.

Local convenience stores and supermarkets are also facing new State compliance schemes, which will need to be funded and serviced including the Deposit Return Scheme and the Latte Levy.

And perhaps one of the biggest challenges that some of our town centre retailers are facing is the negative impact of traffic management and active travel schemes that have blossomed since the Covid 19 traffic restrictions were introduced.

If car based customers cannot access their local family owned retailer because of parking restrictions, reduced lanes or new traffic restrictions, then they will just drive on by to the out of town supermarket with a free carpark, which can be easily accessed. It makes no difference how good your shop may be – if the local authority have skewed the traffic around your premises to make it less accessible, then your customers will go elsewhere.

Our request on this issue is simple – active travel and traffic management schemes should not just be seen as engineered solutions to traffic flow. They need to be properly assessed and configured to minimise adverse commercial impacts. We are all for creating sustainable communities which can be accessed by different modes of transport – but local shops should be at the heart of sustainable planning.

With your permission, Mr Chairperson I'd like to ask each of my colleagues to give a short account of their businesses and the specific challenges that they are facing at present. We would of course be happy to take any questions.

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