

The Challenges facing small businesses.

Opening statement from the Chief Executive of CSNA (Convenience Stores and Newsagents Association), Vincent Jennings to the Joint Oireachtas Committee on Enterprise, Trade and Employment.

I welcome the opportunity afforded to the Association by the Committee to assist it in understanding further the challenges that face those of us in a particular sub-sector of the retail trade, namely, the convenience, forecourt and newsagents sector.

I am accompanied by Mr Derek Moran who is a retailer in Drogheda and is a member of CSNA National Executive and by Ms Flora Crowe, a CSNA member from Sixmilebridge, Co Clare.

Many of our members are second and third generation shopkeepers, and have managed to remain in business throughout the most difficult and trying times; we are not quitters or moaners, and although we compete in what is acknowledged to be the most competitive sector in Irish business, our members continue to serve their communities in the certain knowledge that they are both appreciated and respected.

While a number of the challenges we face today are similar to those we faced 30 years ago such as access to finance, unfair commercial Terms from suppliers, planning, parking and, within urban areas, anti-social behaviour , todays retailer is further burdened through an ever-increasing number of legal and Regulatory obligations ,

enormous increases in Public Liability Insurance , a highly erratic rateable Valuation process , and especially of concern to those of us in Customer-facing service businesses , an ever-increasing payroll cost. For those members that do not own their premises , the relationship between the tenant and landlord is fraught with difficulties that extend well beyond Upward-only rents but includes having to negotiate and sometimes re-negotiate with Vulture funds and institutional investors.

However, all of these challenges literally pale into insignificance when compared with the most recent threat; the cost of electricity and gas necessary to run our businesses. While all businesses will incur additional costs, those of us in a sector that must have refrigeration, electric motive power, lighting, heating and cooling facilities will suffer the greatest level of pain in the form of bills that are 300%-350% in excess of similar periods last year(2021). Despite every store owner taking additional energy-saving measures which leads to a modest reduction in comparative consumption, we still have the appalling reality that a two month bill that was €6,500 last year is now €22,000 this year!

These are viable businesses that are incurring a series of increases to their cost base that they cannot possibly sustain. These are businesses that have carried out SEAI Energy Audits over the past few years and quite frequently have been able to avail of the Accelerated Capital Allowances to ensure that they were able to run their businesses in an energy-efficient and environmentally-responsible way. These businesses cannot be permitted to wither on the vine due solely to the actions of a Russian bully.

The Association does not wish to be critical of the various initiatives that the Government has put in place , particularly the TBESS which is reported to have a €1.25billion fund underpinning it but the delay

in implementation and the stated commencement date of September fails to pay sufficient attention and urgency to this crisis .

All deputies and Government ministers were aware from early 2022 that the Ukraine invasion had caused seismic shocks to the cost of electricity and gas for domestic and commercial customers. Our members, once their annual contracts finished were unable to renew them and had to accept a default unit price which was ratcheting upwards on a weekly, sometimes daily, basis.

It will be necessary to provide for a rebate to those customers that can demonstrate these additional costs incurred earlier than September.

Furthermore, and with the greatest of respect, providing a 40% rebate on bills that are as large as many of our members have received still leaves them with an unsustainable and mounting drain on their cash-flow.

While we know that the present crisis is grounded in the unit price being charged, it needs to be acknowledged that our collective reliance on fossil fuels must be reduced and ideally, eliminated.

The energy companies that are without doubt , profiting very significantly from the situation need to be repositioned in the national interest and charged with facilitating sustainable energy into all of their customers properties, on a commercial basis.

CSNA represents over 1,500 retailers who employ in excess of 45,000 people in their stores. The overwhelming majority of our members were designated to be essential service providers and as such

remained open through the entirety of the Covid restrictions, with many of our members ensuring delivery of vital supplies to those customers in the community that were cocooning.

This Committee has asked CSNA to discuss the Challenges facing small businesses and as you are primarily interested in Enterprise, Trade and Employment the remainder of our written submission will focus upon those areas, with particular reference to recent, suggested and proposed legislation that will, we submit, affect our members disproportionately.

We are most concerned that the combined increased costs experienced in implementing a series of changes that our members will incur over a relatively short time frame will render many of their businesses unprofitable.

For each of us, payroll is by far the greatest single business cost, the recent Statutory Sick Pay Scheme will affect our businesses differently from others where service is not a prerequisite or where the employee numbers are sufficiently large that absences can be accommodated without substitution. Members of this Committee had been made aware of the “Double Whammy” by the Association but we will need to await a review of the Act before we can restate our view that a rebate mechanism for both medical fees and a proportion of the sick pay should be contained in the Scheme.

The Committee met recently with the Low Pay Commission on the subjects of the National Minimum Wage recommendation and their Report on the Living Wage. As a former Low Pay Commissioner for two three-year Terms, I must advise the Committee that the

Commission will NOT be able to earn the confidence of employers unless there are significant improvements in data capture given the total absence of capability presently.

A further challenge to our small businesses will come in the shape of the mandatory 6% Employers contribution outlined in the Auto-Enrolment proposals. We are not so naïve not to believe that our employees will not wish to incorporate some or all of the cost of their pension into wage claims which will, in turn, be an additional overall cost. A convenience store with 10 participating employees with a combined annual payroll of €285,000 will incur an additional €17,000 in pension contribution, how are these increases in Sick Pay costs, potential Living Wage costs and AE costs to be funded by small businesses that already struggle to make a profit commensurate with the risk involved?

If this Committee is really interested in learning our challenges, it needs to accept that the interests of larger businesses represented by IBEC are not always similar, and are sometimes quite different from those of small and medium sized businesses. We are aware that the Tánaiste and Minister for Enterprise has continually rejected including ISME into LEEF and would remind the Committee of the long established principle of employment agreements needing to be accepted by a majority of those affected.

We welcome today's engagement and will commit to an open discussion and ask that you see this as the beginning of a process of learning and dialogue rather than a mere optic.

Thank you

Vincent Jennings.

