

DÁIL ÉIREANN

AN COMHCHOISTE UM POIST, FIONTAIR AGUS NUÁLAÍOCHT

JOINT COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION

Dé Máirt, 24 Meitheamh 2014

Tuesday, 24 June 2014

The Joint Committee met at 1.30 p.m.

MEMBERS PRESENT:

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| Deputy Dara Calleary, | Senator David Cullinane, |
| Deputy Michael Conaghan, | Senator Michael Mullins, |
| Deputy Seán Kyne, | Senator Feargal Quinn. |
| Deputy Anthony Lawlor, | |
| Deputy John Lyons, | |
| Deputy Peadar Tóibín, | |

In attendance: Senator Fidelma Healy-Eames.

DEPUTY DAMIEN ENGLISH IN THE CHAIR.

BUSINESS OF JOINT COMMITTEE

Business of Joint Committee

Chairman: We have a quorum. Apologies have been received from Deputy Áine Collins. Deputy Dara Calleary is delayed but will be here shortly. We will go into private session to deal with housekeeping matters.

The joint committee went into private session at 1.40 p.m. and resumed in public session at 1.50 p.m.

Scrutiny of EU Legislative Proposals

Chairman: Our first business is dealing with a number of EU legislative proposals. Schedule B includes COM (2013) 781; COM (2014) 161, 223, 239, 261, 283, and 298; EWN:2014/C138/33; and EWN:2014/C 44/14. It is proposed that these items do not warrant further scrutiny. Is that agreed? Agreed.

We will now deal with the proposals under schedule A. COM (2014) 258 is a proposal for a regulation of the European Parliament and the Council regarding appliances burning gaseous fuels. It is proposed that this proposal does not warrant further scrutiny. Is that agreed? Agreed.

COM (2014) 166 is a proposal for a regulation of the European Parliament and the Council on the reduction or elimination of customs duties on goods originating in Ukraine. It is proposed to note that this is an adopted measure. Do members have any comments?

Deputy Peadar Tóibín: I have an issue with this proposal. The situation in Ukraine is very difficult. It is very complex and it probably needs more time for discussion than we are able to deliver here. I also believe, obviously, that Ukraine is at a critical juncture in how it resolves its relationships with the EU and Russia. Everybody would support the Ukrainians in their efforts to deal with that. Russia has obviously played a shocking role in the destabilisation of the region and it has been very expansionist in that regard. Its role has been a multiple of any role played by the EU. However, the EU's role has been expansionist in the area and this negotiation of a trade agreement is part of that expansion and it is happening at the same time as Ukraine is trying to resolve its relationship internally.

We have been given this COM not as an opportunity to give input to it, but just as a *fait accompli*. We should communicate our dissatisfaction to the source of this COM that our national Parliament, the Oireachtas, has not been given an opportunity to input into its development in some way before it has become a done deal, as such.

Chairman: Are there any other comments on the issue? The COM has already been passed, so it is an adopted measure. Do we agree to note it and also express our dissatisfaction with not having had a chance to be involved in the process? I point out that it is a temporary COM providing for a reduction in customs duties up to November. We should ask to have a chance to debate it prior to November if there are any changes to it. I accept there are different views around the table on in. We will ask that we have the chance to give it proper scrutiny next time.

COM(2014)170 is a proposal for a Council decision on a position to be taken by the European Union within the trade committee set up by the trade agreement between the European Union and its member states, of the one part, and Colombia and Peru, of the other, as regards

the adoption of the rules of procedure for the trade committee, the rules of procedure and the code of conduct for arbitrators, the establishment of the list of arbitrators, the list of experts and the group of experts, and the adoption of the rules of procedure for the group of experts on trade and sustainable development. It is proposed that we note this adoptive measure - again it has already been adopted.

Deputy Peadar Tóibín: Deputies Lyons, Lawlor and I met representatives of human rights NGOs with regard to the difficulties occurring in Colombia. There are major issues with access to land and resources. There is extreme poverty in the country and it is the most dangerous country in the world in which to be a trade unionist - hundreds and even thousands of trade unionists have been killed there. With the onset of this European free-trade agreement with Colombia, there have been mass uprisings among the people of Colombia, which have led to 70 deaths. I believe the trade committee dealt with in this COM is not sufficient in its oversight of human rights to be able to deal with the problems happening in Colombia. The committee has sent a letter to the Minister requesting a debate on the floor of the Dáil on the issue as soon as possible before the trade agreement is passed, or not, by the Oireachtas. Had we had the opportunity - again we do not - my view would be that this would be held back until there is a determination by the Oireachtas on the whole trade agreement itself.

Chairman: Is it agreed that we would write to the Commission expressing annoyance that we do not have a chance to debate it and also that this is not the right trade committee to deal with the concerns raised by the NGOs?

Deputy Peadar Tóibín: It is that the trade committee that would be central to the trade agreement with Colombia is not the proper committee to deal with the human rights issues involved.

Chairman: Is that a summary of people's thoughts on it? Are members happy enough?

Deputy John Lyons: I agree with it, too.

Chairman: That concludes our EU scrutiny for today.

Business Growth and Job Creation in Town and Village Centres: (Resumed) Chambers Ireland and RGDATA

Chairman: I welcome Mr. Ian Talbot, chief executive, Mr. Seán Murphy, deputy chief executive, and Mr. Mark O'Mahoney, director of policy, from Chambers Ireland to discuss measures to support business growth and job creation and their retention in town and village centres.

By virtue of section 17(2)(I) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any persons or entity by name or in such a way as to make him, her or it identifiable. Members are reminded of a long-standing parliamentary practice to the effect that Members should not comment on, criticise or make charges against a person outside

the House, or any official by name in such a way as to make him or her identifiable.

I ask Mr. Talbot to make his presentation.

Mr. Ian Talbot: I thank the Chairman and committee members for their interest. I would also like to introduce Ms Claire Greer, an intern from the University of North Georgia, studying international affairs. This is the third year in a row that we have had an intern from that college. It is going really well and is good experience. It is great to see an interest in people coming here and we are sending good information back as to what is happening here.

I hope all committee members have copies of the presentation. Chambers Ireland is the largest business organisation in the State. With over 55 member chambers in our network, we represent businesses in every region and economic sector in Ireland. Our geographic representation gives us a unique understanding of the challenges facing businesses throughout Ireland. In particular, we know and understand the threats to those doing business and providing much-needed jobs in towns and villages. We also understand the opportunities and believe Government can play a major role in minimising the threats and turning the opportunities into realities.

In this presentation, I shall focus on four main themes: the cost of doing business; the importance of local business supports; high street development; and public procurement. We are pleased to make this submission which focuses on creating the right conditions for growth. We believe that the buoyancy created by our recommendations will negate any costs attached. It is our hope that the contribution we make can assist in improving the trading conditions in Ireland's towns and villages and help to retain and create employment within these areas.

On the first core series of points, the cost of doing business, the most clear and obvious way that businesses can be helped to create and retain jobs is to ensure they stay in business. To this end, it is vital that the cost of doing business is kept at sustainable levels. We believe there should be a targeted rates reduction. Many small businesses are struggling due to excessive rates imposed by local authorities. We understand local authorities have done their best and are striving to reduce rates, but the rate levels can still be high. In order to guarantee their survival, allowing them to retain the important jobs they provide, we recommend the introduction of a rates reduction for companies, located within town centres, which provide much-needed employment and contribute to the quality of life in these areas.

We recognise that this should be more nuanced than, for example, the large retail levy and expanded small business relief scheme, currently in operation in Northern Ireland. However, the support it provides for small businesses can be the difference between remaining viable and ceasing to trade. While we recognise that the issue of rates is a reserved function of local authorities, it is the role of Government to provide the required funding supports and statutory and policy frameworks to enable the local authorities to implement initiatives focused on business development and job creation.

Recent reforms have enabled local authorities to raise or lower the local property tax, LPT, in their area by 15%. We are concerned that any shortfall in funding resulting from a decrease will be met through a corresponding increase in business rate or may make a planned reduction in commercial rates less likely. Cork County Council has already voted to lower its LPT by 15% in line with the manifesto commitments of many councillors. However, councillors must also be mindful of the business community in its jurisdictions as it is they who will support growth and create jobs. A short-term win for householders could lead to significant losses if previously successful businesses close due to an inability to pay local authority charges. This is

an especially sensitive issue in counties such as Cork and Donegal, where former town councils are being integrated into county councils. In both of these counties, and there are others such as Clare, there are significant differences between the rate struck in the county and the town that is being incorporated. In this context it is vital that these and other similar local authorities are mindful of the need for a progressive levelling of the rate base, ideally towards the lower of the two rates over the longest term possible of ten years.

We believe that if local authorities were encouraged to be more flexible over rates, the standard and mix of businesses in town centres would be enhanced. The increased footfall from such an improvement would have a clear impact on job creation and retention.

The rates rebate scheme in Limerick, which allows new businesses to claim a rebate of up to 50% in their first year and 25% in their second year is a model that Government could encourage other local authorities to follow. The correlation between a proactive, supportive local authority and a strong business revival can be seen in Cleveland, Ohio, where businesses are encouraged to move downtown through a range of schemes and incentives.

We can now say with some confidence that the Irish economy is in a better place than it has been for some time. Our members frequently tell us that trading conditions in their local area are improving and business owners are now more confident about the future. However, there is still a reluctance to hire new staff. This reluctance is based on fear. Employers need certainty that the cost of employment will not increase. The rate of PRSI paid by employers, responsibility for sick pay and issues about redundancy create a hesitancy to take on new employees.

In our pre-budget submission we have included a wide range of recommendations designed to make Ireland's fiscal landscape more business friendly and in turn support and create more jobs. While many of these apply to businesses of all sizes, many are of particular significance to the type of small businesses generally found in town and village centres. They include continued certainty of the 9% VAT rate for hospitality; to increase the qualifying amount for cash accounting for VAT to €2.5 million per annum; no further changes to the sick leave payment regime and to reinstate the lower employers PRSI rate for Class A staff. This point is worth developing further. When wage bills are too high, businesses are less likely to hire new employees. The 4.25% increase in employers Class A PRSI in the 2014 Budget Statement directly contributes to businesses being unlikely to hire new employees. It has resulted in a reduction in employment growth levels and should be revisited with a view to supporting new job creation in significant numbers. This is a classic example of the opportunity cost involved not being factored into calculations determining whether to increase a rate or not. In our view, with a fair wind and further positive momentum in the economy, upwards of 50,000 retail jobs could be created in Ireland.

Another point related to the cost of doing business is the impact of excessive regulation. We welcome any moves to make compliance with regulations, such as licence applications, easier and more consistent. Legitimate business and legitimate jobs are threatened by the level of black market activity that persists in Ireland. We were pleased to learn this morning of the €14 million find. We congratulate all the authorities involved in that good news.

Counterfeit products of all kinds have a considerable impact on the profitability of legitimate retailers. The Revenue Commissioners made seizures of goods with a value of €5.4 million in 2012. As this figure related to seized good alone, the true scale of the problem remains unknown. This could be just the tip of the iceberg.

The sale and purchase of counterfeit goods takes footfall away from legitimate traders. The sale of counterfeit cigarettes, for example, takes secondary spend from retail areas that depend on it for their survival. We note that certain policies that seem attractive are actually counter-productive. We recognise that the Cabinet has just given approval to draft laws which may compel tobacco companies to use plain packaging, however, while this policy is based on long-term health considerations, which we fully understand, it fails to take into account the impact on employers, retailers and so on.

The counterfeiting group of our international organisation, the International Chamber of Commerce, states that branding allows customers to make better choices in the marketplace: “Plain packaging makes it easier for packaging to be copied by counterfeiters, exposing consumers to products with unknown and potentially dangerous ingredients”. The local enterprise offices, LEOs, which are being established around the country must be exclusively focused on a core remit of mentoring and supporting start ups and SMEs with up to ten staff. There must be no duplication of services already provided by the private sector. Local community development committees, LCDCs and local enterprise offices, LEOs must use the expertise and experience of local Chambers Ireland to provide the best environment and conditions in which to do business. All business support units in local authorities should regularly engage with Chambers Ireland to work together on delivering agreed economic development targets. Ideally, business representatives on these bodies would be representatives of the local Chambers Ireland group.

We believe Government should encourage local authorities to follow the initiative in Cork where 1% of all commercial rates are ring-fenced for economic development to encourage economic growth and job creation. We have 55 Chambers Ireland bodies around the country. We have a chamber in every town in the country, providing us with feedback and is the source of our momentum.

As well as the somewhat indirect initiatives above, there are more direct ways that the Government can support our town and village centres and the job creating businesses in them. The local authorities must be encouraged to work with retailers and business organisation to introduce or expand town centre developments schemes and introduce a high street innovation fund. The impact of out-of-town retail parks on traditional town centres is dramatic and runs counter to the Guidelines for Planning Authorities on retail planning which state:

The town centre is the focus for a range of commercial and community activities, resulting in a mix of, often interdependent, land uses which contribute to a sense of place and identity. It include a combination of natural features; historic buildings, cultural, civic and governmental buildings, as well as public spaces. This physical form and mix of functions, which will have evolved over a considerable period of time, makes a town centre different from a shopping centre and provides much of its character which can be further enhances by introducing appropriate new uses into historic buildings. It also has a high level of accessibility to employment, services and facilities for all the community.

The decline of town centres has an impact which transcends the interests of retailers as traditional sites of community activity and social interaction are lost. Conversely the best performing town centres tend to have a significant proportion of retail activity; a broad and engaging retail mix and a good dining and entertainment mix. Government can encourage local authorities to work with business organisations to improve town centres. We have numerous examples of the benefits provided to local economies through collaboration between local chambers and local authorities, all of which have the potential to create new jobs. I have listed examples in my presentation but in the interests of time I do not propose to go through them other than to

note the very good initiatives that could be replicated elsewhere. Examples of collaboration between the local authority and chambers are South Dublin Chamber, the Enterprise Europe Network, which is a partnership between Enterprise Ireland and five regional chambers, Letterkenny Chamber, Cobh and Harbour Chamber, Ballyhaunis Chamber, Ennis Chamber and Cork Chamber.

The Government could also follow the lead of the United Kingdom and introduce a high street innovation fund. This was created by the Minister responsible for local growth with money awarded to council with the worst affected high streets. It recognises the work done by local authorities and acts as an incentive for others to up their game. Perhaps the idea of a local growth Minister could be considered in Ireland.

Car parking costs must be applied strategically to increase footfall in certain areas, thereby supporting businesses and jobs. It is our view that the funding formula for municipal districts, whereby central government matches the funds raised by the municipal district through car parking and leisure charges, actually produces a perverse incentive for local authorities to increase car parking charges, so as to increase the matching funds. We believe that some of the saving arising from the reform of local government should be specifically earmarked to guarantee free parking provision at optimal time periods to support footfall and encourage consumers to shop in town centres. In this context, a parking window of two hours would be ideal, especially on busy shopping days such as Thursday through to Saturday.

The final main point is public procurement. Many Irish companies, particularly small and microenterprises, feel that they are at a disadvantage when tendering for contracts offered by contracting authorities. This is a genuine threat to their survival and is subsequently a threat to the many jobs they provide and the rates they pay. We recently issued a white paper on this issue - we have copies with us if any of the members wish to see it - following extensive consultation with our network and a number of subject matter specialists. We conclude that Ireland needs a strategic public procurement policy to stimulate the economy, incentivise innovation, support business and promote job creation.

Our specific recommendations include: mandate the office of Government procurement, OGP, to consider always the wider impact that procurement reform has on the economy when measuring success, rather than a simple metric of how much money has been taken out of the procurement budget; transpose the new European Union directives into national law in a timely fashion, without gold-plating, and where options are available, the most business-friendly one must be chosen; reduce the number and types of contracts being awarded on the basis of price alone - an appreciation of the benefits to the Irish economy in terms of jobs created or revenue raised through taxation should become the norm in tendering procedures; help SMEs to become part of the supply chain for major capital works; guarantee the office of Government procurement employs fully professional staff, with specialist qualifications; simplify the process of pre-qualification and reduce the amount of material that must be provided by suppliers at this stage and make the process of banking or saving information on the system work better than it does; make open procedure tendering the norm for contracts of all values to level the playing field and facilitate SME participation; effectively use the process of dividing contracts into lots to encourage SMEs to bid, resulting in a wide range of bidders and potential winners; create opportunities for SMEs to enter joint bids which take account of the nature of the Irish economy; use eTenders to its full capability by promoting it, simplifying it, making it easier for SMEs to register and training suppliers and buyers to use it effectively - training is a key issue and we must ensure procurement buyers are well trained on new procedures such as the new circular

10/14 recently delivered by the OGP; make the entire process of public procurement fully transparent by allowing suppliers to see where and why they score or fail to score marks, defining clear roles for procurement officers and holding them to account on the basis of more than just cost savings achieved - face-to-face feedback should become the norm; and establish an independent review body entitled to adjudicate on matters where a firm feels it has been treated unfairly and to decide on redress.

We note the recommendations in circular 10/14 deal with some of the issues in procurement, but not all of them. It is now vital that all contracting authorities conform to the guidance set out in this circular and work towards a situation where indigenous businesses can benefit fully from public procurement processes.

Town and village centres are vital to our sense of community, and urgent action must be taken to support the businesses that do so much to support them. From providing jobs and creating wealth to engaging in corporate social responsibility projects, such as sponsoring local sports teams, doing charity work and protecting the environment, it is often businesses that put most into local areas. They deserve the support of both central and local government. We greatly welcome the committee's interest in this area and are happy to respond to members' questions.

Chairman: I thank the witnesses for the presentation, and I thank them for their work in this area and in other areas, including the document on procurement. Chambers Ireland has produced some very good pieces of work over recent years that will be very useful for the committee in the work it hopes to do.

I will take questions from three members at a time.

Deputy Dara Calleary: I welcome the group from Chambers Ireland. We do not disagree on much in the presentation, but I have a few questions. First, what are Mr. Talbot's views on the impact of the collapse in people's incomes in recent years on town centres and the retail sector generally in the context of the budget cycle getting under way? Is there not a case to be made that the more income people have in their pockets, the more life there will be in town centres?

Second, I note Mr. Talbot did not refer to the impact of information technology, IT, and particularly the Internet on town centres. How would he propose to entice a generation aged up to the mid-20s that is utterly comfortable buying online and would buy online before going to the town centre? What proposals does he have in that regard?

Deputy Peadar Tóibín: Aontaím leis an gcuid is mó atá ráite. For me, the biggest variable in the last seven years has been a collapse of demand. It alone is undoubtedly the most important thing to happen to the sector. Private and public investment has collapsed, as has disposable income. One of the points made by Mr. Talbot is that wages are too high and it is virtually impossible to employ people. However, if wages are too low, it is virtually impossible for people to buy things in his shop or retail outlet. There is a happy medium and, from our point of view, the minimum wage is the basic that must be paid. People must have a proper wages in order they can purchase in retail outlets.

What effects have the property charges and the talk of water charges had on the spend in Chambers Ireland members' outlets? I fully agree with Mr. Talbot on rates and the costs of doing business. We believe rates must be progressive, like every other element of taxation. It is complex but it must have some relationship, although not a full relationship, to the profitability

of the business, and it can have a role in the reorganisation of towns. Mr. Talbot mentioned Cleveland, Ohio and referenced a few economic incentives that were given to businesses to move downtown. Will he give us more information on that? Also, could he give us information on energy, transport, insurance, legal and credit costs? These are having a large negative impact on business.

Parking is a function of the local government fund. When that fund reduces, the local authorities are forced to get funds from parking, among other sources, and that kills the golden goose. I also believe that some of the business groups were somewhat naive when they thought the property tax would reduce rates for businesses. It is clear there was no real intention in that regard and that the local property tax is just to substitute for the local government grant rather than business rates.

With regard to business debt, Morrissey's quarry in Carlow has been put into receivership because of business debts. Will Mr. Talbot talk about the experience of Chambers Ireland's membership with business debt?

The two-tier economy has not been focused on sufficiently either in this committee or in any other forum. There is a massive contrast between the experience of retailers within what was traditionally called the Pale and the experience in the area outside it. Perhaps Mr. Talbot will discuss that. It is not our desire to talk down enterprise anywhere, but it is important to focus on that.

What can the Government do with regard to the rolling of contracts? I believe the rolling of contracts in public procurement is a significant problem. It is creating a major difficulty for small entrepreneurs in accessing them.

I agree on the necessity for a good strategic partnership of organisations to deal with the revitalisation of town centres. The local enterprise offices, LEOs, must work with the chambers of commerce and the local authorities and they must all be on the same page with regard to delivering a proper strategy. They have been disjointed for too long and that must cease.

Mr. Ian Talbot: I thank members for their questions. They made some great points. With regard to Deputy Calleary's question about the impact on incomes, the difficulty we have had over the past five years is that it was necessary to get the country's borrowings back to a sustainable level and to do that without destroying the country. We see the budget debate taking place at present and the impact of the debate about the €2 billion adjustment that might be necessary this year. It is our view that taxation is too high and must reduce. Equally, however, we are desperately trying to ensure we do not set people's expectations too high that difficult times are over. There is a middle ground of trying to find the balance that conveys to people that things are improving, but that we are still a long way from where we were when we started into this severe recession. Things are improving but we are still a long way from where we were before this severe recession. Overlapping with the impact of property charges and water charges it has an impact on retail spending.

We also noticed, prior to the past 18 months, that any shocks anywhere in Europe, such as the talk three years ago of Italy going to the wall, had an impact on shops in Ireland the following weekend. Irish consumers are very aware of the potential impact of international developments on Ireland. It is important to end the shocks, for example, not to introduce new taxes. People need to understand that there is stability and that in future tax will move downwards, and salaries and wages upwards. People have suffered flat or reduced pay and their confidence will,

I hope, improve if they see an upward trend in pay, a downward trend in tax and no new taxes. The good weather in the past few days has been enough to get people out spending. There is money in the economy but people's mindset has been to pay down debt, and prepare themselves for future shocks. The sooner we can kill off the last of the shocks, the better. Confidence is an element of this as well as lack of money in people's pay packets.

In response to Deputy Calleary, IT and the Internet have a big impact and the Department of Jobs, Enterprise and Innovation is actively rolling out its vouchers to get businesses on line and we are happy to work with it on that. Improvement is needed in this area. Quite a few businesses are computer illiterate. We would like to see that improving. We need an improved strategy to make more businesses computer literate and get them on line. It will be quite hard for local retailers to compete with some of the big line operators. In the era when tourists will come with a carry-on bag of the size allowed by Ryanair or Aer Lingus they cannot bring much stuff home. There is an opportunity for a retailer who interests somebody in an Aran jersey in Galway to direct the customer to a website. Tourists typically do not take as much home as they used to do when luggage was kept in the hold. There are certainly opportunities in that area.

In response to Deputy Tóibín, we think the increase of 4.25% to 8.5% in the PRSI rate is particularly detrimental to the wage sector of many retail jobs. That needs to be reviewed, to see whether it should be brought back to where it was. Chambers Ireland has traditionally supported the national minimum wage and continues to do so. We think it is very important to maintain a certain minimum standard but we must make sure the economy is competitive. There are always challenges and trade-offs.

Credit costs and debt continue to be a problem. Many companies have a good core company but at the peak of the boom unfortunately decided to buy a building and piled debt onto their balance sheet for a premises they could now be renting for significantly less. That is a challenge. We are working on several committees, such as those run by the Department of Finance, on credit availability and equity financing for small business and so on, to find some solutions to that problem. One or two of the banks that are exiting the market are starting to drive solutions into the market by being prepared to do deals so that they can exit. That does not solve all the problems. We are seven years into this recession. Many companies and their bankers have learnt to deal with their position.

Chambers Ireland fought hard over the years, and sometimes it is difficult for a business organisation to call for a property tax, which we knew would affect the money in people's pockets but the core for us was to rebalance the way local authorities are funded. We wanted local authorities to have a diverse set of funding sources in the long term and not to be exclusively dependent on business and or Government. We see the local property tax as part of a medium to long-term evolution of the local authority environment. The recent changes in local authorities and town councils are very positive but they raise issues that we need to manage. We never expected local property tax to lead to a direct reduction in business rates, we simply thought it would add a much more diverse set of funding arrangements for local authorities.

Mr. Seán Murphy: It had a direct impact because the lack of broad-based funding for local authorities drove them to chase development contributions which was a one-off hit that directly contributed to our bust. All local authorities wanted to build huge shopping centres because they saw the rates coming to them, which has left us somewhat over-supplied with shops. Balance and giving a sane funding model to local authorities that gives them more control of their budgets, makes them less reliant on the Department of the Environment, Community and Local Government's late delivery of budgets for next year and more insight into their budgets leads to

a more sustainable community for business and citizens.

Mr. Ian Talbot: Deputy Tóibín also mentioned the two-tier economy. We are very aware of that. We are working with our chambers around the country to give them training and assistance in how to engage with their local enterprise office, LEO, and their local authority in the new economic development role that local authorities have. We recognise that there may even be more than two-tier problems and we need to play our part to help in dealing with them and to help the local authorities. We need good strategic partnerships. We want to see how best to coordinate our resources and those that local authorities have on the ground and to make them complementary not competitive. There is a risk that LEOs, which will have their own budgets, will start to compete with things we do, or they could complement it. Through talking to, and working with, Enterprise Ireland, local authorities and the Department of the Environment, Community and Local Government we see a great openness to developing that community-spirited good strategic partnership.

Senator Feargal Quinn: I thank the speakers. They were very interesting and covered a wide range of issues. They did not touch on upward only rent reviews. I know that 13 trade associations got together recently to call on the Government to pass that legislation which has already gone through the Seanad. What is the witnesses' view of it? Do they support the move to abolish it?

I have a problem with the case being made for public procurement because some people I know who worked on Government agencies were stunned to discover the amount individual State organisations were paying. As an example, hospitals were each buying from their local sources. They were supporting jobs there but were paying a multiple of what could be paid if they bought centrally. There seems to be a difficulty in that area.

Can the witnesses tell us anything they know about the scheme to incentivise development in the city, in Cleveland, Ohio?

Deputy Anthony Lawlor: I thank the witnesses for their contribution. The fact that local authorities will have stronger powers and local politicians a greater say in the authorities' activities will help towns develop. Before now, when funding came from a central source, there was a problem about how it would be spent. It was centrally controlled. That it is now local is very important. My view on procurement differs from that of Senator Quinn. The problem was that one was getting a local service as well. That sometimes assisted when it was needed. The witnesses mentioned that joint bids have been entered. An issue with regard to the scale of an SME has an impact on who can enter for public procurement. Could the witnesses give examples of cases in which a number of companies have come together to put in a joint bid? It might be illuminating for other companies that have previously procured but have been unable to do so more recently because the rules and regulations have changed. The move towards using the European definition of an SME, which requires a business to have a minimum of 50 employees, excludes a fellow with five, six or ten employees because he does not have the scale. Can the witnesses give examples of how that problem has been overcome?

Deputy John Lyons: I would like the witnesses to make a couple of practical suggestions about how the level of red tape and regulation might be eased. I am aware that some successful work has been done in this regard under the Action Plan for Jobs. I understand that multiple licences have been joined together in one place online, for example. Can we be given some more practical examples of what might be done?

I would like to pick up on something that was mentioned by Deputy Calleary. As an outsider looking in, I genuinely think some small retailers in Ireland are not at the races when it comes to the reality that information technology is an essential part of the way we do business today and will be the way we do business in the future. We will go to our towns and villages for a shopping experience, but we will not do all our shopping on the high street. We will go there when we want certain added extras, but that might not be what we do during the week when we want to buy things. When I was recently looking to buy some new pendant lamps for the house, I had to go to the large multiples even though I would have been more than happy to support more local people if I could have. The point I am making is that in a certain sector of society, new jobs are being created in remote servicing technology, which involves examining people's businesses and their existing websites.

Those involved in business sometimes think it is enough to have a website. They do not appreciate that the website is a virtual shop window. As the witnesses know, businesses have to change their shop windows depending on who they want to attract and what they want to sell. I suggest that with the exception of the large chains, Irish retailers are just not at the races. The reality is that people like me - people of all ages, but particularly younger people - end up buying products from outside Ireland because that is the way we shop. I will make a final point before I conclude. I know I have taken up a bit of time. All of the other things mentioned in the witnesses' report, such as the rates issue and the enhancement of our streets and civic spaces, are all great - I almost get the sense that they are seen as things we should be doing, but many retailers are not focusing on the information technology sector. I know it costs money. I suggest it is a case of whether one can afford not to invest in it, rather than whether one can afford to invest in it.

Senator Fidelma Healy Eames: I welcome the witnesses. I apologise for not being present for their presentation. This topic really drew me in. I apologise if my questions have already been asked. I have been very taken by the UK Public Services (Social Value) Act 2012, which supports localism in public procurement. It allows somebody who tenders for a service or a product to show the economic and social value associated with it. If that tenderer is able to keep jobs in the local area, that might help to prevent depopulation, for example. The rating scale that is used under the UK legislation helps such tenderers to win contracts. I think it is a very good measure. As we know, everything is not always about pounds, shillings and pence. Many more people lose out when it is about pounds, shillings and pence. Much more money might have to be spent on social welfare, for example. What are the witnesses' views on that?

I would like to ask about another issue that was touched on in the presentation. The character is being stripped out of many villages and towns in the west. The development of shops like Aldi, Lidl and Tesco on the outskirts of towns and villages is taking the heart out of them. We know about the benefits of supermarkets in terms of consumer value and employment, etc. The profits are being repatriated in many cases. There has been some discussion about introducing a so-called Tesco tax as a means of rebalancing this sector. Have the witnesses any thoughts on that?

Chairman: Mr. Talbot has a long list of questions.

Mr. Ian Talbot: I thank everybody for their questions. I am aware that Senator Quinn is very engaged with the issue of upward-only rent reviews. One of the challenges we have in our network is that our chambers throughout the country are not seeing it as an issue. It is not being seen as one of our priorities. We keep revalidating it. Every time the Senator communicates with me, we go back out to our network to revalidate our position. We have a very clear

brief from our network to the effect that we should get involved in things that are priorities for our chambers. I will be happy to talk to the Senator about it afterwards. The members of our network are saying they do not see it as a huge issue. It might be a bigger issue in some areas than in others. It is not one of our network's priorities. We keep revalidating our position. We did so in light of the great work the Senator did in February, when he put a group together. We have to make sure we are current. I can talk to the Senator about that later.

Reference was also made to public procurement. I ask the committee not to misunderstand what we are saying about the need to drive efficient purchasing. We fully agree that there is a need to drive waste and inefficiency out of the public procurement sector. We have developed recommendations about ensuring procurement is undertaken by properly qualified professionals. The role of those professionals will be to ensure procurement is done correctly - there should be no waste - and is not done at the expense of Irish small and medium-sized businesses. If one looks at price on its own, or as a certain percentage of the tender, there is a danger that as competitive bids come in from other countries, it becomes impossible to make a difference in other respects. At the moment, there is a tender out for approximately €6.5 million worth of books for Dún Laoghaire library. I understand that 65% of the tender calculation will be based on price. The danger is that a large warehouse in the UK will be able to supply that. This would have a significant impact on the Irish book industry. It is very difficult to make an impact in the other 35% of the weighting, which relates to service issues, that is sufficient to outweigh the 65% of the weighting that relates to price alone. There is a need for balance not only in the evaluation of the tender, but also in the criteria that are used in the first place to set the tender.

Deputy Lawlor made a similar point about procurement. We absolutely and fully agree that there is a need to ensure we get good value for our procurement. All of these points can be tied together. A point was made about how other countries are doing it. The LM3 model tries to evaluate the social impact of procurement. We have set up meetings with a software vendor that supplies a great deal of software to the UK procurement market to see if there is anything we can learn from that country's experience in this area. I do not have all the answers to the very good questions that have been asked. We are looking at these matters.

I was also asked about the Ohio model. We have a link on the page. I do not have a list of the stuff in front of me. I ask the members of the committee to look at the link. I apologise for our phones. I have turned my phone off. Mr. Murphy tried to use his phone and got certain feedback. We put up the link specifically so that people could look at it. The model in question looks like a good one. It is covered in the footnotes.

I would like to respond to what was said about the possibility of putting together companies that have done tendering. One of the challenges is that there is a lot of rhetoric out there. At the moment, small businesses are reluctant to get involved with eTenders. We are trying to get people over this hurdle so they get involved. There is also much rhetoric about competition, with regard to companies grouping together to bid and the impact of competition law on this. There is much fear, and there is an onus on the Office of Government Procurement and on procurement managers to do a good job and get into their local communities to encourage the right type of organisation to get involved. We will work with our members and chambers to educate people better on the advantages. Some of this perhaps comes back to the surprising lack of computer literacy we still see in some organisations, which is of concern. One must be computer literate to engage in the Government public procurement process at present. We need to drive forward on these issues.

With regard to practical suggestions on red tape, do not get me wrong because much good

work is coming out of various Departments to try to reduce the amount of business regulation and red tape, but we need to keep going on it. Approximately 37 different Acts apply to the employment of a person and this is very difficult for a small business. This is a good example of red tape. In 1997, the taxes Acts were consolidated where finance Acts over 30 or 40 years were consolidated into one and we started again. This probably needs to be done again but that is another matter. This type of approach needs to be taken to employment regulation because that is what puts off somebody from employing an extra person. We all know that if every small business in the country employed one more person, our unemployment problem would be largely solved.

The various inspections which must be dealt with by someone in the restaurant business are not necessarily co-ordinated. Perhaps we should have central co-ordination of inspections by sector rather than by Department or quango. Various issues such as this can make an employer's life very difficult. Our view is that it should be as easy as possible for employers to create employment.

Mr. Seán Murphy: With regard to retail, sometimes we are desperately passive about stating online will win out. A cadre of communities is buying online and, for example, many travel agents were wiped out when the business migrated online. However, many travel agents now offer bespoke services to individuals at higher spend. There was a shake-out but others created jobs.

It is worth noting that consumers are the last to know we are in recession. It is when people lose their jobs that they know we are in recession. Consumers are also often the last to realise we are out of recession, and do so when they and their friends start getting jobs and pay rises. With such changes in the local dynamic, many jobs in retail can be created very quickly because consumers will always want things. People may buy some of their items online, but they will still want to parade the streets with nicely designed bags in nice shops doing nice buying. We thought long and hard before stating 50,000 jobs could be created. We are deadly serious that 50,000 jobs are a-begging in retail if we fix consumer sentiment, get a better wind in the local economy and consider issues such as the opportunity cost of the 4.25% hike in employers PRSI affecting class A grade staff. I have absolutely no doubt PRSI is an impediment this year because it was effectively doubled as it was temporarily halved during the crisis. It has a very real impact on the cost-benefit analysis retailers make on whether to hire an extra body. It is through incrementally hiring another body that more jobs will be created in the economy.

Deputy John Lyons: I am not trying to state everything will become a virtual buying space, far from it, because there is the concept, particularly at present, of a shopping experience, which is why there are nice high streets and civic spaces. The hours people work now are different, such as 12-hour shifts, and the last thing they want to do is go out and buy something. This is the changing nature of the work experience. It is no longer 9 a.m. to 5 p.m. and apart from institutional types of work, new modern work is flexible. I understand what the witnesses have stated about other issues, such as the class A stamp, but these can be addressed. The changing shape of work patterns of people will not be addressed as such. It will constantly evolve and while I am not saying everybody will do so, a larger amount of people in the service sector will be able to work from home.

To give a practical example, the last thing I want to do on a Sunday, if I have worked six days, is go out and look for pendant lamps. That is not a shopping experience; it is a necessity so to speak because it is something I want to get done. Many people are in this category. The witnesses are stating that if we get everything else sorted, not as many people will want to go

online. This sounds like resistance from the organisation or its members, that it will be dealt with on another day because it is a tough one and that there is also an issue with computer literacy among members. I accept this, but the witnesses mentioned easier targets which the Government can change. I am speaking about the changing face of retail. A local supplier can become a global supplier quite quickly if it is effective. I am not stating they all will, but I get the sense of people being dragged into the 21st century rather than embracing it and embracing technology and changing work patterns. I am sorry but this is the sense I get.

Senator Fidelma Healy Eames: I have a linked question to that asked by Deputy Lyons with regard to online versus the high street. Recently, I conducted a small survey of small retail businesses in Galway. One person told me every time someone comes into a particular sports shop, the person will have already checked the prices online and unless it can be at least matched, the shop will not get the business. The person also stated shops pay rates and rent and bring the heart back into villages and that there must be some gain for them and an incentive to remain open because they can also put their businesses online. The person asked whether the retail sector could get the 9% VAT rate which was given to the hotel and service industries as it would keep them open and competitive. Let us face it - online businesses do not have the same costs. Do the witnesses receive this type of feedback and what is their view on it?

Chairman: Deputy Tóibín and I can tell Deputy Lyons that we have the finest lamps in Navan and if he is really stuck we can source them for him.

Mr. Seán Murphy: One speaks about businesses responding, but the reality is the market will decide for businesses. The market decides whether businesses shut or survive, whether it involves Amazon or any other business. We have been asked to address the conditions that collectively through our regulatory and fiscal regimes we can address to enable local businesses to survive. It is right to state businesses need to go online, as those which do not will be dead. There has been a massive shake-out in the downturn, but a significant number of jobs are still in the sector with 180,000 people still employed in retail. It has massive potential to grow further and this is what we are getting at.

Mr. Ian Talbot: There are a number of other issues. Senator Healy Eames spoke about the sense of place in a town centre. Much of our presentation was focused on how we return a sense of community and good experience to a town centre to help people return there. Deputy Lyons is familiar with Charlestown shopping centre and Finglas. Finglas was a marvellous community town when I was growing up but the shopping centre has had an impact. This comes back to how local authorities can help to drive what happens in an area. To return to our presentation, we stated there is a real onus on local authorities, the new structures, the local community development committees and strategic policy committees to focus on the redevelopment of town centres.

With regard to taxation, if all VAT was reduced to 9% everyone would want a piece of it. It is about how we make sure we are making the right changes that keep us alive as a country and get our sustainability sorted out.

Senator Fidelma Healy Eames: It really is a question for the Minister for Finance.

Mr. Ian Talbot: It is a question for the Minister for Finance and there also is a great deal of EU regulation about-----

Senator Fidelma Healy Eames: Exactly. Would Chambers Ireland agree with it?

Mr. Ian Talbot: We would love if there were no taxes at all but we need to pay for things.

Senator Fidelma Healy Eames: That is not an answer.

Mr. Ian Talbot: We accept the economic reality that as a country, we have made choices. We wish to make sure we support measures such as, for example, the national minimum wage, which still is higher than in the United Kingdom and that has an impact. If, for example, somebody in the book trade is operating from a warehouse in Norwich, the rates he or she is paying, versus the rates somebody pays for being in Fingal, Cavan or wherever he or she might be, are a cost-competitive issue, as are all these things. Increasingly, even for just ordinary retail purchases, we are competing with international sellers. This again goes back to expertise in retail. This conversation is about towns and villages and not just about retail. Another thing is many companies do not engage with organisations. They just wish to open their doors and do their own thing. Again, we would like to see more of those companies getting engaged. If one is more engaged with the environment, with one's chamber and one's local authority, one might learn more about the things that are available and open to one.

Chairman: I will conclude this session by thanking Mr. Ian Talbot, Mr. Seán Murphy and Mr. Mark O'Mahoney for their presentation and their interaction on the questions. As they are aware, the joint committee is undertaking a process that also will feed into the Action Plan for Jobs and I welcome the departmental officials who are present. We intend that our report, for which Deputy Lyons is a rapporteur, will have a list of recommendations that then will go into the forum to be decided on and acted on by the Government as well. Members hope this will help to generate solutions that will help to recover those jobs that were lost, as well as the jobs we wish to win. I share Mr. Seán Murphy's belief that there are thousands of jobs that can be won if we put our efforts into so doing. I again thank the witnesses for their time and their presentation. We will link back with them over the next couple of months as we compile a report, which I appreciate.

Sitting suspended at 3.02 p.m. and resumed at 3.05 p.m.

Chairman: I welcome to the meeting the representatives from RGDATA, namely, Ms Tara Buckley, director general, Mr. Colin Fee, director, Mr. Eamonn Gavin, director, and Mr. Hugh Doyle, member and retailer of Donnybrook Fair, to discuss measures to support business growth and job creation and retention in town and village centres. I believe the witnesses' own report, published last year, put members in mind of this topic and the taking on of this area, because while other reports have been produced since then, RGDATA's report was one of the first to really target this topic of the need to discuss the town centres. On some of the joint committee's trips around the country pertaining to the issue of the black economy, members visited a few towns, particularly in the west, where there clearly was an issue to be addressed. I thank the witnesses for their time and as I outlined at the end of the last presentation, this is part of a wider process through which members are going to get some action in respect of the retail consultation forum. It will meet again in the autumn and the joint committee hopes to feed into that process with a report on this issue as well.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence in regard to a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they

should not criticise or make charges against any persons or entity by name or in such a way as to make him, her or it identifiable.

If that has not put her off, I invite Ms Buckley, who is used to the committee, to make her presentation.

Ms Tara Buckley: I thank the Chairman and members for this opportunity. We are delighted to appear before the joint committee to talk to members about policy options to support business growth and job retention and creation in Irish towns and villages. As the Chairman noted, I am accompanied by Mr. Colin Fee, an entrepreneur from County Louth with shops and businesses in Dundalk and Drogheda, Mr. Hugh Doyle of the Donnybrook Fair group, a second-generation retailer with shops and businesses in Dublin and Wicklow and Mr. Eamonn Gavin, who is a town centre supermarket owner in Ballinagh, County Cavan. They are representative of the owners of the 4,000 local shops, convenience stores, forecourt stores and supermarkets that RGDATA represents.

A few years ago, the economist Mr. Jim Power carried out research for RGDATA and found that the independent retail grocery sector in Ireland supported 90,000 jobs and made a total contribution of €3.6 billion to the Irish economy. The study highlighted that the shops RGDATA represents are major employers and contributors in local economies and have a strong family ownership structure with second, third, fourth and fifth-generation involvement. They are major supporters of local and Irish suppliers, make a major contribution to their local communities and local authorities and provide many people with their first job. Importantly, Mr. Power pointed out that spending €100 in a locally-owned shop is worth three times more to the local community than spending it in a global chain. RGDATA members are the town and village retailers and are happy to assist the joint committee's examination of policy options to drive job creation and retention.

Before we touch on those options, I would like to state that entrepreneurial independent retailers are doing it for themselves. RGDATA members are creating and sustaining jobs and businesses, constantly innovating and adapting, proactively dealing with competition from the biggest retailers in the world, actively engaging in their local community, seeking out local Irish producers and products to bring to their customers and constantly reinvesting in their business and their people. These are key characteristics of the Irish independent retail sector and this is why we still have a third share of the Irish grocery market, in a marked contrast to our UK and EU neighbours where independent shops are losing out to multiple chains.

Consequently, while independent shopkeepers are getting on with what they do best, namely, creating and sustaining jobs and constantly innovating to ensure their businesses survive and thrive, what can members as policy makers do to assist them? RGDATA believes that what the policy makers need to focus on is delivering on the promise to make Ireland the best country in the world for small business. To paraphrase a slogan all members will have heard, some things have been done but there is a lot more to do. What policy makers need to do is to allow the conditions to exist for businesses to do what they do best, which is to get on with generating businesses and creating employment. We are not looking for a hand-up or a handout but instead for the State to stop adding unnecessary red tape and to focus on removing unnecessary impediments to doing business.

What can policy makers do to assist with job creation in towns and villages? I will provide some suggestions from RGDATA. They should reinstate the 4.25% employers' PRSI rate. They should ensure no increases in business costs as a result of new legislation or regulations.

They should monitor constantly bank charges, as well as access to and the cost of credit. In addition, they should monitor the cost of implementing changes in payments on foot of the Government's drive for fewer cash transactions and more electronic payments. We also need to establish a national parking policy guideline, get upward-only rents legislation through the Dáil, drive cost cutting and efficiencies at local government level, ensure value for money from commercial rates and a fair sharing of burden between town centres and out-of-town retailers and support clued-in retail developments with sustainable retail planning policies while introducing specific incentives for town centre regeneration.

With regard to business costs, we have been long promised a 25% reduction in business regulation costs. If members ask any independent retailers, unfortunately they have not seen evidence of this; all we hear about is new, additional charges or red tape. For example, the Minister for Health wants to raise €5 million by imposing a new annual tobacco licence, costing between €500 and €1,000 per retailer, although retailers are already registered and regulated by the Office for Tobacco Control and pay a €50 fee. This action alone will close struggling news-agents and smaller shops, costing hundreds of jobs in towns and villages. We ask members to ensure the transfer of the national lottery licence will not lead to new charges from banks just to change the name on long-established agreements to provide bonds for national lottery retail agents. We thank policymakers for ensuring that retail agents' margins are ring-fenced but this could be another way of taking some of that margin away from retailers.

RGDATA retailers are very conscious of the responsible sale of alcohol and we want to support the responsible retailing of alcohol. We note the voluntary code will become statutory and we ask members to ensure this will not add to the costs for independent retailers. We welcome the competition and consumer protection legislation currently going through the legislative process; it will introduce new compliance and training costs for grocery goods undertakings with a turnover in excess of €50 million. We see some groups calling for this threshold to be reduced to €10 million but that would be totally unnecessary and significantly add to the costs for smaller retail businesses. These are just some of the issues that policymakers can influence. They will impose new costs and more red tape but will not deliver any significant benefits and will have an impact on jobs in smaller shops in towns and villages.

Policymakers may be delighted that banks are getting back to profitability but local Irish business owners are paying for this with new bank charges and increased security costs. For example, the cost of lodging cash has increased from less than 20 cent per €100 to almost 50 cent per €100. That increase has added approximately €20,000 to bank charges for one of our members who runs a forecourt business. I recently saw a refreshing presentation from the chief executive of the office of better regulation in the UK and, in that jurisdiction, they have to remove two existing licences or regulations before they can introduce a new one. Additionally, they run a scheme called "Trading Places", where business regulation inspectors spend a few days working in the business they will be inspecting so they get a good understanding of what it is like to be on the other side of the counter.

Where towns are well managed, RGDATA gets few complaints about commercial rates but we get many complaints where the streets are dirty, the town centre is uninviting and parking regimes or charges are driving customers away from the town. We also get significant complaints when the area has been revalued and the rates for a shop increased by 70% or 150%, as has happened to RGDATA members. We urge policymakers to ensure the costs for any small or medium-sized businesses do not increase by such amounts in any one year.

The committee has already heard much about making town centres clean, attractive, safe

places that are inviting to visit and in which to do business. Some towns are doing a great job and in many of these RGDATA members are involved in or spearheading town trader groups. The group provides assistance in helping these but we need more involvement from local authorities and specific funds ring-fenced for investment in town centre regeneration, with specific incentives to regenerate town centre sites and derelict buildings and shops, as well as heritage buildings and sites. There should be a focus on revitalising derelict town centre sites and vacant shops before any further edge of town or out of town development is approved. We need value for money for our rates spend and there also needs to be joined-up thinking in the administration of town centre parking regimes, which are driving people, literally, to out of town centres with free parking. This needs to be addressed. RGDATA supports the effective management of car parking – we understand that this is necessary – but if there is a charge for parking in the town centre then there should be a similar charge for parking in the out of town shops. Car parks in out of town centres should be subject to rates.

RGDATA has never opposed the national minimum wage and we actively assist our members to comply with all of the various employment regulations and legislation. Why do policy-makers continue to single out only the retail grocery and convenience sector for a joint labour committee, JLC, wage-setting structure? This effectively will mean that just because we sell certain items like confectionary and pressed ham, we end up with a statutory system that imposes higher starting wages than the rest of the retail sector. Retail has changed and fashion stores now sell sweets and confectionary, department stores sell newspapers and magazines, cakes and biscuits, off-licences sell pizza and ice cream, and booksellers sell groceries. The barriers are blurred and we should all be treated the same.

If we want retailers to create and retain jobs in rural towns and villages, we must reinstate the 4.25% employers' PRSI for people earning less than €356 a week. That one change since 1 January this year has added €20,000 to €80,000 to RGDATA members' wage bills, which equates to many jobs in the retail sector. Some 2,200 further retail jobs have been lost in the most recent CSO statistics, and if this lower rate of employers' PRSI is reinstated, we will create new jobs.

I will now ask my colleagues to outline how they are getting on with creating and retaining jobs in towns and villages, and what they think needs to be done to assist them.

Mr. Colin Fee: Our main business is in Dundalk and we have convenience and forecourt stores. We have recently acquired a public house for our sins. Our business has been in the family since 1958, and my brother, Eugene, and I took it over in 1991. We currently have 65 staff employed, and that number is down approximately 20% in the past five years because of cost cutting. We have a number of projects in the pipeline.

In all my years working since we went into business on our own in 1991, I have found the past two or three years to be the most challenging and difficult. I have three of the main examples of what we experienced over the past couple of years, and the first concerns planning levies. We built two shop units adjacent to one of our sites and the parking levies as part of the planning levies amounted to €80,000 because of the number of shops. We paid the money but no extra parking was provided for it. The money accounted for approximately 25% of the total project costs, which involved changes to a post office, alterations shop and a pharmacy. There are between 12 and 16 people employed in these new businesses, which did not relocate from elsewhere. It will take three to five years of rent just to pay for the parking levies. There are three other businesses in town which were going to do similar ventures to create employment but the parking levies in particular stopped them going ahead.

The Chairman mentioned another big issue concerning the black economy and something must be done about it. I will not get into the specifics but everybody knows what these people are at. They are not regulated or obeying rules, and they do not pay all the duties they should. There have been a couple of incidents when people have opened a business and undercut us, particularly on the fuel side, as Dundalk is a hive of fuel laundering sites which seem to be completely above the law. These businesses operate but not everything on the staff side goes through the books or is declared. Many regulations are not been heeded, and nothing seems to be done. We are four cent or five cent per litre adrift. They are selling fuel below the price our supplier pays for it. That is an area that needs to be examined.

We also find it hard to attract staff even though we pay over the minimum wage. This is mainly because social welfare entitlements are too lucrative. Recently, when we had to cut costs, instead of letting two staff members go, we decided to reduce their hours. Two months later, one of the staff members said he had got a job over in the UK and was heading there. When I informed the other staff member of the good news that he was back on a five-day week, he told me it would cost him money to do so because of the value of the social welfare benefits he was getting for working a three-day week. We subsequently had to hire another person on a three-day week. When we are interviewing for staff, we are invariably asked by applicants if they will be paid through the books. When we inform them, "Yes", they are disappointed. We are trying to compete in that field with retailers who are not paying through the books. This whole area of regulation has to be tightened up.

As Ms Buckley stated, there are a significant number of regulations in our business from the Department of Agriculture, Food and the Marine, the environmental health officers and the Dangerous Substances Act with which we have to comply. We have issues with unregulated car washes. The Irish Petrol Retailers Association, IPRA, reckons there are over 3,000 unlicensed car washes currently operating. They wash them cheaper than we can as it is not viable for us to do it at their prices. Our car wash business has been practically eradicated. These unlicensed operators, for example, do not have effluent licences or do not pay water charges and simply get away with it. In my area, two food outlets opened recently. I know from standing in them that they are not fully compliant with EHO regulations. They also undercut us and seem to get away with it as well. The regulated businesses seem to be the easy touch for many of the regulatory bodies.

I hear these reports in the media that banks are turning around credit and loan applications in so many weeks. Our experience is that this is total rubbish. Currently, we have an application in for the restructuring of existing credit facilities. It has been with the bank for 15 months which keeps coming back for more information which resets the clock every time. I have two other applications in, one for a new venture for a public house beside us which went up for sale and which we bought for strategic reasons. We bought the pub for almost €600,000 through a bridging loan from one of our stakeholders. We made applications through the Bank of Ireland in July 2013 and AIB in November 2013. We still have not got a letter of sanction from either bank. I went way up the line three weeks ago and it is moving now. The main part of this public house will be a restaurant. We will hire between 12 and 18 staff, including chefs, waitresses and counter staff, to run this part of the business. However, we cannot hire them until we get the bank finance. That is an indication of how the banks are stymying access to credit. The same is happening with another building we bought with a restaurant and two coffee shops looking to rent it. Again, I cannot close the sale until the bank comes back to me. The banks seem to be grossly understaffed, having got rid of their experienced staff. This is the toughest I have ever experienced.

Chairman: I just want to remind the delegation that if they are going to discuss banks, they should not mention any names.

Mr. Hugh Doyle: I am part of Donnybrook Fair which operates five retail stores and employs approximately 280 people. There is no doubt that times are incredibly difficult. Like everyone in the trade, we have seen massive reductions in like-for-like sales over recent years. As a management team, we feel we have made some solid decisions over the past six years that have helped us survive and grow. Since 2008, we have opened three stores and are examining other opportunities. Some of the Government's interventions, such as the PRSI reduction and the removal of the joint labour committees, have helped us maintain jobs.

We feel, however, there is a lack of support from the Government in certain areas. For example, as an independent retailer we are feeling a big effect from below-cost selling in some of our stores. Fruit and vegetables comprise one area where our sales are dropping massively. The multiples can sell bags of carrots for 5 cent and alcohol at below cost even though the Government increased duty on wine by €1. These are having major impacts on our business. It is not just about us losing the revenue but the effect it has on our footfall. This, in turn, affects the numbers of people we can employ.

While we welcome and see the obvious benefits of trade liberalisation, the issue is that large corporations seem to have an unfair advantage as they can absorb losses associated with below-cost selling. In effect, the Government is subsidising these losses while, at the same time, putting small businesses at an inherent disadvantage. While we are positive about the future and are examining more opportunities, we are looking for more support from the Government in certain areas.

Mr. Eamonn Gavin: I am from Ballinagh, County Cavan, and have been in business from the mid-1970s. We had a good run over the years, building the staff from two to 42 and the shop up from 600 sq. ft. up to 7,000 sq. ft. Over the past ten years, it has all changed dramatically, however, from a high to a slide. From 2008, our business has suffered dramatically. We have had local competition, which is fair enough as we are four miles from Cavan town. We have lost about 20 staff and while we are running a profitable business, it is getting harder. I do not mind work but having to work between 70 and 80 hours a week is hard. This affects many of the small shop owners I know from around the country.

It has been ten years since I spent a penny on our business when normally I modernise my facilities every six years. Last September, I took on the first staff member since 2008. In July 2008, there was the fuel smuggling Border problem, the start of the recession and then in September, the financial crash. That year will be etched in my memory for ever. Last September, I felt we were getting stronger and were at the bottom of the bucket. On 1 January, however, even before I opened the shop, I discovered our business was down €22,000. The previous day I contacted my bookkeeper to inquire what was wrong with the wages which were way up and was informed it was employers' PRSI. I was stuck because we had to add an extra €22,000 to our bottom line in order to survive.

I am still optimistic; I am not pessimistic. This is a small matter. I do not know how much taxes are generated by the employers' PRSI but it makes a difference in a small rural town. I do not know if all of the members of the committee are from the country but I can attest to the fact that it has been devastated and things get worse as one moves further west. In my area I am the main employer by a mile and my wage bill will be about €400,000, which has a big impact in a small community. The wage bill used to range between €600,000 and €650,000. We work

very hard but I feel that the Government has not put much thought into employers' PRSI. My company puts money into a small rural area and there are hundreds of people like me. I am not on my own. However, more thought should be put into this matter.

I do not know how the Government would raise other taxation but I know it must raise taxation. The current rate of employers' PRSI is one of the biggest mistakes that has been made in recent years. I was going to carry out some renovation work this year, which I still hope to do, but I have not taken on another staff member even though I could do with one.

I had planned to do something else today but Ms Buckley telephoned me at 2 p.m. yesterday and asked me to come here today as a replacement for somebody else. I had arranged for extra staff to carry out a deep clean on refrigeration and take things apart in my shop, which is done twice of year. I started that work this morning, jumped in the car and drove up here. When this meeting is finished I will probably have a cup of coffee with Ms Buckley but then I will travel home and finish off the job in my shop tonight. I should not have to do so, and I do not mind doing so, but it is not just me who works hard. There are hundreds like me and we would like a little more thought put into this matter.

I suggest one simple way to raise taxation. We have a pile of customs people sitting on their backsides around the Border yet we have a black market for cigarettes. It is a drug dealers' market and they are going house to house to sell their wares. The reason I mention this matter is because I was shocked by the following instance. About 18 months ago a lady came to me whom I had not seen for a while and I said to her, "Kathleen, I have not seen you for a while. Did we do anything wrong to you?" She said she was in hospital with a respiratory problem and said I would never believe how she got it. She had visited her sister-in-law for a Christmas dinner. There were only two smokers present, this lady and her sister-in-law, and they went outside to have a smoke. That was when her sister-in-law told her about great value cigarettes where she got a man to call to her twice a month with her supply of cigarettes that cost half nothing. The person to whom I refer is not from a housing estate but holds a senior position in a company. However, she ended up in hospital due to a respiratory problem caused by smoking. That is neither here nor there but the long and short of it is that there is a rampant sale of cigarettes. I know that we heard good news about this problem today but that was today. The sale of illegal cigarettes is rampant around the country. I suggest that customs officers are utilised more, and asked to work seven days a week, if necessary, or use more scanners at the ports. Such initiatives would generate the same amount of money for Revenue as we must pay in employers' PRSI. If that was done we would have more money to employ more people and those savings add up.

Chairman: I thank Mr. Gavin for his time. He has raised a couple of issues. One of them was the black market which we, as a committee, put a lot of work into last year. We have made a lot of recommendations to Government, some of which have been acted upon. However, we intend to pursue the matter. He is right that a lot of taxpayers' money is wasted and a lot of jobs could be created if that money was spent on jobs. We will work on the matter.

I thank everyone for their presentations. We will now have questions. I suggest we take all of the questions together because there is a third presentation to be made afterwards. Taking all of the questions together will test people's memory. For a change I shall call Senator Quinn first as he must leave early.

Senator Feargal Quinn: I congratulate the delegation on their stories, it reminded me so much of myself, 50 years ago, going into Dundalk. Some of the problems are the same but

some are new. Perhaps the delegation can tell us things that we can do. Perhaps it would outline the position on parking levies, as I am not up to date on them, and on Joint Labour Committee, JLC, wage structures. I had understood this had been addressed but it has not from what has been said.

Will there be a change to the view expressed by RGDATA that we rely too much on the State, Government and council to do things? How can we encourage everybody to clean the streets and clean their own footpaths outside their own shops? Some towns do so. I travelled to Drogheda last year or the year before where I found that people in the town did not talk to one another, and one street did not talk to another street. We got them all together and one of the first things they said that they do not tidy up the street as they look to the council to do it on a daily basis but they would be prepared to do so on the days the council does not. I got them all promise to clean the street outside. Sometimes we have got to do the work ourselves rather than rely on somebody else.

I wish to refer to the competition Bill and the reduction in the relevant charge from €50 to €10. What is that about?

Deputy Dara Calleary: I thank RGDATA for coming in. I always say if we could get RGDATA to meet senior civil servants in the next few weeks we might do more good than in anything else.

Employers' PRSI was referred to by Mr. Doyle, Mr. Gavin and Mr. Fee. Can Ms Buckley tell me how much has employers' PRSI cost its members? Has RGDATA calculated the cost? There has been an ultimate fall in employment in retail which I personally think is directly linked to the cost of PRSI. I would like to hear the figure for the overall cost to RGDATA members.

RGDATA has led the campaign against out-of-town shopping and breaches of the planning laws. Where is that fight at present? Has the argument moved on? Is it still a live argument?

Deputy Peadar Tóibín: I commend RGDATA on its presentation. It is very clear to me that its organisation and members are the backbone of the retail sector throughout the State. I also commend it on its minimum wage policy.

The welfare cliff was mentioned which is a big issue in this State. My view is that it is necessary for welfare protections to persist at a higher wage level so that people can go back into those jobs. If one goes the other way with jobs then people will be pushed into poverty. The delegation is right that the protections, as currently structured, force people out of the workforce.

The issue of rates is huge and there needs to be a progressive approach taken. I fully agree with RGDATA's view that out-of-town parking spaces need to be charged rates. There is no doubt that these businesses are part of the business offering but they have a competitive advantage over town centres.

Banks are the Holy Grail of the Government's policy and everybody else has been left on the sideline. That ranges from debt distress to bank charges for cash. Difficulties with getting loans was mentioned. Does the delegation have information on its members going out of business because of the impact of debt distress on functioning business? Have they gone out of business due to debt distress?

Regulation and costs were referred to. Does RGDATA have the cost for particular regulations throughout the sectors? Can businesses say that a given regulation cost their business a given amount of money? I understand that the delegation may not have the information right now. If it quantified those costs in the long run it would make it easier for us to argue either for or against a regulation.

I agree that the grocery model, as constituted within legislation, is archaic and historic and it does not take into consideration the evolution of businesses. What effect have the property and water charges had on business? The conversation on water charges pre-election, in my understanding, has had a negative effect on people's disposable income. People must financially plan around the charge. I would like to hear the view of RGDATA on the matter.

With regard the Border, it is my strongly held view that we need to equalise excise, taxes and fuel policies. We have different types of diesels, etc., on the island which creates a space for criminals to launder fuel and so on. It would be interesting to hear more views from RGDATA on the matter.

The composition of the delegation has led to a good geographical spread. Can the delegation give its view on the two-tier economy that is developing in this State?

Deputy John Lyons: It is good to see the delegation here which I have met on a couple of occasions. I was struck by what Mr. Colin Fee said in respect of the generous social welfare system and that there is not an incentive to work. The latest ESRI report published in July states differently. It finds that six out of seven people would be better off in work due to the social protection policies been put in that have place. That is the latest evidence-based data available. The ESRI, which is the research body of the State, indicates that, as of now, almost six out of seven people would be better off in work. I checked it while sitting here just to make sure I got it right.

The other issue is on parking fees. Although I agree that something needs to be done, we cannot get away from the fact that out-of-town centres, whether we like it or not, paid a development levy on their parking spaces during the planning permission stage. That is the position. How are we to deal with that issue? We cannot ignore that essential ingredient whereby they had paid for those spaces when developing those out-of-town centres. If there is another creative way of levelling the playing pitch I would like to hear it.

I agree with the witness in respect of the black economy. The witnesses appeared before the committee previously on this issue. It is great to hear the good news today but most certainly we are not at the races when it comes to the black economy and it is the companies represented here who are losing out. What does plain packaging do? I understand from a public policy point of view what it is trying to achieve but I am not sure whether there is enough research as of now, from other countries, such as Australia which has led on this issue, whether it has an impact on public health policy. It will definitely impact negatively on the businesses, which some of the witnesses are representing here today.

Chairman: Does Deputy Anthony Lawlor wish to contribute?

Deputy Anthony Lawlor: I have no question.

Ms Tara Buckley: I will reply to a couple of questions and then hand over to Mr. Colin Fee. In respect of employers' PRSI, the cost to Mr. Eamonn Gavin, who has 28 staff, is €22,000. Other members who have several hundred staff, have reported their costs to us. In the inde-

pendent retail trade, many of our members employ part-time people. These are very important jobs in local communities for mothers who want to work in the morning and be able to collect their children from school. Many of these are earning less than €356 per week because they are working shorter hours. They are hugely important jobs to those families in those communities. That employers' PRSI allowed retailers to give those people jobs. As Mr. Eamonn Gavin said, he would employ more of those type of people if he could afford to because he needs more assistance in his store but he unable to do so due to costs. If that is the average among our members we believe there could be 90,000 jobs in the independent retail sector. Even if the number is 80,000 and if it costs €22,000 for every 20 jobs, that is a lot of money collected through PRSI. We think it is better if it paid to people who will spend it in their local community and keep other businesses and jobs going. Our argument would be that it is a short-sighted measure which, if reversed, would make a critical impact on local jobs. Quite often we appear before the committee and discuss policies. This is a simple measure that could be put in place and which we genuinely believe would create jobs in towns and villages, the type of jobs that are needed.

On the issue of out-of-town centres, we are big champions of the retail planning guidelines and sustainable retail planning on which we have done much work in the past. Following a review of our retail planning guidelines I am delighted to say that the planners in the Department of the Environment, Community and Local Government are good, think ahead and are strategic. We are appreciative of the work they have done on those guidelines. Where the guidelines are upheld - I am aware of this from other groups who have appeared before the committee - and retailers are directed into the retail zone or the town centre, those towns are doing very well. If we think about the examples that have been relayed here about towns that are doing well, they are the towns with the retailers, and importantly, the food retailers in the town centre. The towns that have allowed the doughnut development and the food retailers to go out to greenfield sites are the towns that are suffering. The daily footfall that the food retailer creates has gone out of the town.

The retailers who want to build huge out-of-town stores do not want competition. They want to be out there on their own where one can go to their free car park and do all one's shopping there without giving business to anybody else. We think we are the most competitive. We are happy to be in the town centre where one can come in and compete with us. We think that is a much fairer system and it is much better for the town and the community because everyone is shopping around. There is competition, variety, quality and choice. Our only concern is that every now and then a local authority or somebody tries to get around the retail planning guidelines or apply for a change to their development plan. We would say to member of the committee, as policymakers, that they should resist that.

An application was made earlier this year for a very large discount warehouse beside Ikea in Ballymun. That should have been resisted as it will be devastating for towns and villages not only in that area but in surrounding counties. There is some move towards changing local neighbourhood centres to allow in much bigger stores. That is not what a local neighbourhood centre is about. A local neighbourhood centre is a local small convenient store with a medical centre, a beautician, or whatever but not a very large supermarket. One should not change those laws to allow for large supermarkets to go in. They should be local neighbourhood centres. While many positive developments are taking place, I ask policymakers to keep an eye on the position because there are people who will always try to wriggle and change the guidelines and forget about the good policies in place.

I invite Mr. Colin Fee to speak about the difficulties with the banks, obtaining loans and

parking levies, on which Senator Feargal Quinn asked for more information.

Mr. Colin Fee: When one makes a planning application, particularly, in town centres where space is limited, the local authority has a scale of the number of parking spaces that would be required. There is no change to the infrastructure. If we could put the park in we would do it ourselves as part of the overall project. What happens is that one is levied. The local authority works on the basis of a number of car spaces for that development and one is levied accordingly. I think the cost is €8,500 or €8,300 per car space. If one has a development such as ours, where one is charged €70,000 or €80,000 just to provide parking spaces, and taken with the other levies such as water, sewerage and so on, one ends up paying a huge amount. That is an impediment to getting these projects off the ground especially the smaller in-town projects. I am aware of three that did not go ahead because the costs meant they were not viable. I do not know if all local authorities charge the same price but in County Louth the cost is €8,500 per unit.

Ms Tara Buckley: With regard to the property tax and water charges, all the retailers here would say that any type of bad news or commentary about new taxes or new charges has a direct impact on their businesses and what people spend and their shopping. On a positive note, good weather has a positive impact. Things are good in the retail trade at the moment.

Chairman: It is much the same in our job.

Deputy Dara Calleary: One cannot do anything about the weather.

Ms Tara Buckley: We are all on the same standing in terms of social welfare payments. We think it is more about ensuring that people who take on part-time or low-paid jobs are not penalised for taking on those jobs but are encouraged to do so. We agree with members on that issue.

We were asked about the black market. That is an issue on which we all agree. A question was asked about the specific cost of regulations. RGDATA has done much work in this area and on the huge number of licences and regulations. We put a cost on it at the time which I will forward to the committee. We have had a development in this area as the Government is working on a portal whereby retailers can get all their licences in the one place. We would like them to include a 25% reduction on all the costs but we are not hearing that yet.

We do have concerns about new licences coming on stream. For example, the one mentioned today, the new licence for tobacco retailers has apparently gone to Cabinet today. It is unfair on legitimate tobacco retailers to charge them an extra €500 to €1,000 per year. This will result in the closure of small tobacconist newsagents and will put people out of jobs.

Mr. Colin Fee: Counterfeit cigarettes are a huge problem in Dundalk. Retailers have rules and regulations and we do not serve people who are under age. Those who sell directly to people by calling to their front door sell to whoever they want. It is now so easy to get counterfeit cigarettes. We could talk all we like about plain packaging but we have a huge and growing problem with counterfeit cigarettes. Our sales are dropping all the time. Tobacco as a percentage of our total sales is dropping, which suggests that people are going elsewhere.

Chairman: Much of the money spent on enforcing the regulations is spent checking out retailers who are compliant as opposed to targeting the money at those who are not.

Mr. Colin Fee: That is the second edge of the sword with regard to regulation. If everybody

was regulated then it would be to everybody's benefit. It is easy to regulate the compliant ones.

Ms Tara Buckley: Mr. Gavin explained that the situation is a lot more difficult for retailers outside Dublin. Perhaps the boat is beginning to rise a bit in Dublin but that same experience is not being shared around the country. It must be recognised that many towns and villages have lost a lot of people to emigration and they have lost businesses and employers in the area. The matter must be addressed in a different way from how one would look at some of the big urban centres or larger cities.

Mr. Eamonn Gavin: To return to what Ms Buckley said, in our town at one stage we had eight pubs, four shops, including a big hardware shop, and a post office. We still have the post office. At the moment we have four pubs and one of them is a restaurant. The hardware shop closes a couple of days a week. We have two supermarkets. That is an example of what is happening out there. It is not nice.

Chairman: It is good to get the stories. Last year, we had a very Dublin-orientated presentation and it is important to hear what is happening around the country. I thank the witnesses for sharing their views. Their presence is appreciated. We will conclude this part of the session and suspend while the next group comes in. This is part of an ongoing process. We will draw up a report over the summer and the presentations will feed into the consultative forum of the Action Plan for Jobs as well.

Sitting suspended at 3.52 p.m. and resumed at 3.54 p.m.

Employment Permits (Amendment) Bill: Discussion

Chairman: We will have a discussion with Ms Claire Cumiskey from the Irish Immigrant Support Centre, Nasc, to discuss the Employment Permits (Amendment) Bill which comes before the committee on Thursday. Her presence is timely. She previously contacted Deputy Tóibín and he proposed that Ms Cumiskey should be invited to the committee. I thank her for attending at short notice. It is important that we would speak to her prior to Committee Stage.

Before she makes her presentation, I wish to advise Ms Cumiskey that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if a witness is directed by the committee to cease giving evidence in regard to a particular matter and continues to do so, the witness is entitled thereafter only to a qualified privilege in respect of his or her evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. I invite Ms Cumiskey to make her presentation.

Ms Claire Cumiskey: I thank the Chairman and the committee for inviting us here today. I am the senior legal officer with Nasc, the Irish Immigrant Support Centre. Nasc is a non-governmental organisation working for an integrated society based on the principles of human rights, social justice and equality. Nasc, which is the Irish word for link, works to link migrants to their rights through protecting human rights, promoting integration and campaigning for change. Nasc was founded in 2000 in response to the rapid rise in the number of asylum seekers and migrant workers moving to the city of Cork. It is the only NGO offering legal information

and advocacy services to immigrants in Ireland's second city. Nasc's legal team assists some 1,000 immigrants annually in navigating Ireland's protection, immigration and naturalisation systems. We also assist migrants and ethnic-minority Irish people who encounter community-based and institutional racism and discrimination. Our campaigning strategy is informed by the issues emanating from our legal case work and our day-to-day work with migrants.

The Nasc legal service has considerable experience responding to inquiries from employment permit holders. The content of my presentation is drawn directly from the case work. Our service responds to the needs of employment permit holders by way of acting on behalf of this migrant group in individual cases to both to the Department of Jobs, Enterprise and Innovation, DJEI, and the Irish Naturalisation and Immigration Service, INIS, of the Department of Justice and Equality.

We welcome the publication of the Employment Permits (Amendment) Bill 2014. In particular, we welcome the intention to introduce legislative protection for migrant workers who do not hold an employment permit in cases of illegal employment contracts, in response to the High Court decision in the Younis case. The Bill proposes to legislate for a number of policies already in place concerning the current administration of employment permit schemes and we welcome the intention to provide legislative protection in these areas.

Nasc made submissions to the Department of Jobs, Enterprise and Innovation prior to the publication of the Bill, with a particular focus on the availability of a mechanism whereby undocumented migrant workers could regularise their immigration permission. The Nasc legal service has assisted a number of undocumented migrant workers to regularise their immigration status and obtain new employment permits. In our experience, the current process for regularisation of undocumented migrant workers in exceptional cases is currently subject to discretionary and inconsistent decision making. We therefore particularly welcome the proposal to introduce legislation that will provide for a reactivation employment permit for migrant workers who previously held an employment permit but fell out of employment through no fault of their own.

I wish to provide more detail on reactivation employment permits. The provisions contained in section 6 propose to insert section 3(A)(2)(f) into the Act of 2006. That has the potential to ensure attainable pathways to regularisation for undocumented migrant workers. We particularly welcome the co-operation of the Department of Justice and Equality in that regard. However, we believe that the requirements proposed by section 3(A)(2)(f) are overly restrictive and a number of undocumented migrant workers would be unable to regularise their status in the State as a result. We submit that the section should include a provision where the requirement to have "previously held an employment permit that is no longer in force" could be waived in exceptional circumstances where the migrant worker has been exploited.

Section 3(A)(2)(f) also requires applicants to not be in employment when making an application under this section. It is submitted that this section should be removed as the majority of undocumented migrant workers have no option but to engage in black market employment while they seek to regularise their permission in the State. This provision could deter undocumented migrants from availing of the reactivation scheme. We submit that the requirement to have received an offer of employment "in respect of an employment for which an employment permit is required" should also be deleted as undocumented migrants in our experience are often low skilled and unable to satisfy the eligible job categories for the grant of an employment permit. It is our experience also that delays in processing applications can have a serious impact on the outcome of an application. The immigration permission extended to undocumented

migrants by the Department of Justice and Equality to apply for an employment permit can often expire before a decision has been made. Then the lack of immigration permission may be stated as a reason for refusing the employment permit. The validity of immigration permission should not be used as a ground for refusal in cases where the applicant had a valid permission when the application was submitted. It is therefore submitted that section 3A(2)(f) should be amended to provide for permission from the Department of Justice and Equality to be valid at the time of submission of the application.

Section 14(1)(c) provides that an employment permit can be refused if the foreign national landed in the State without immigration permission and has not been given permission by the Minister for Justice and Equality under the 2003 Act and was employed when the application for an employment permit was made. Section 14(1)(c) also provides that refusal may be issued where the foreign national was previously employed in the State without a permit or immigration permission. It is submitted that section 14(1)(c) is overly restrictive and the requirement not to be in employment at the time of making an employment permit application should be removed

Section 14(2) amends section 12 of the Act of 2006 by inserting numerous provisions after subsection (1) that allow the Minister to refuse an application. Subsection (1I), as inserted by section 14(2), refers to applications made under reactivation employment permits sections. It allows the Minister to refuse these applications if an employment permit application was previously made for that purpose and no renewal application was submitted, and it is in the “public interest” to refuse the application. Employment permit holders are completely dependent upon their employer in relation to the submission of renewal applications and we have experience of cases where a failure to submit a renewal application results from no fault on the part of the employment permit holder. It is submitted that section 14(2)(1I) should be amended to include a provision that excludes a refusal on the basis that failure to submit a renewal application resulted from no fault on the part of the employment permit holder. It is submitted that the refusal of an employment permit on the basis of “public interest” should be deleted as it has the potential to allow for arbitrary and inconsistent decision-making.

I want to touch on spousal and dependant employment permits. The current legislation provides that permits will only be available for spouses or dependants of highly skilled workers holding an employment permit. This is to encourage this category of foreign national to take up employment in Ireland, Employment permits for dependants may also be granted to family members of a research project researcher resident in the State pursuant to Directive 2005/71/EC. We submit that spousal or dependant employment permits should be available to all categories of employment permit holders to ensure family members of migrant workers have an opportunity to become economically viable in Ireland and contribute to the economy. In addition, the extension of spousal or dependant employment permits to all categories of employment permit holders would be a mechanism whereby family members can integrate into Irish society and would ensure respect of migrant workers’ private and family life.

Section 3(A)(2)(b)(i) provides that spouses or dependants who wish to apply for an employment permit must have obtained permission to land and reside in the State as a dependant. This provision would appear to exclude relationships that have formed in the State due to the requirement to have obtained a so-called permission to land. The requirement to have obtained both permission to land and to reside should be removed to allow for relationships that have formed in the State to avail of spousal or dependant employment permits. The availability of spousal or dependant employment permits are essential to attract and retain highly skilled and

all categories of employment permit holders.

While the Bill does not make any provision in relation to sectoral employment permits, we wish to highlight the fact that a sectoral approach to the issuance of employment permits is provided for under existing legislation. We submit that section 4(1)(b) of the Employment Permits Act 2006 should be fully implemented to allow the permit holder to work in a particular economic sector as opposed to working for a specified employer, as is the current practice. In our experience this practice greatly increases the risks of workplace exploitation and limits labour market mobility. Correct implementation of the Employment Permits Act 2006 would allow all permit holders to change employer within the permitted economic sector and would remove the requirement to apply for a new work permit. The provision of sectoral work permits should protect migrant workers from becoming undocumented as they would have greater mobility within the labour market.

My final point refers to a general undocumented workers scheme for exploited migrant workers. We submit that provision for an open-ended undocumented workers scheme should be introduced in the Bill to cater for migrant workers who have been subjected to exploitation, fraud, deception and employer non-compliance and who do not qualify for the reactivation employment permit provided for in the Bill. Such a scheme should include concessions relating to salary thresholds and ineligible job categories to ensure low-skilled undocumented migrants are afforded an effective pathway to regularisation.

I thank the Chairman and members of the joint committee for the opportunity to make my presentation.

Chairman: I thank Ms Cumiskey for her presentation.

Deputy Peadar Tóibín: I am delighted that Ms Cumiskey has come before us to give us her perspective on the important work of Nasc as well as on this Bill. We have had difficulties in this area but in comparison with other European countries, we have managed some elements quite well. I think the proper drafting of this Bill is necessary to ensure we improve on it and do not have similar problems to what Britain and other countries have experienced. I think the people of Belfast will have a thing or two to say about the title of second city of Ireland. I just thought I would get that aside in there.

The Younis case has provided a watershed and has awoken a great many people to the exploitation. Mr. Mohammed Younis spoke at our committee last week and some of the information he provided would shock one to the bone about modern Ireland, and his experience bears out the necessity for improvement.

With regard to the reactivation of permits, Ms Cumiskey referred to the fact that some people were not able to regularise their situation. Is it difficult to estimate how many people are finding it difficult to reactivate their permits? She referred also to delays in processing applications. Has she information on how long these delays are and the difficulties they are causing people? One of the concerns some people would have about the Bill is that if a person arrives in Ireland illegally and then applies for a permit to work, that might create a weakness in our regulations. It is contended that people should have the opportunity to apply legally for a permit from abroad, but if one states that people can regularise their situation in Ireland, it will mean that others will worry that people will flock here to regularise their situation. I always think of the other side of the coin, the Irish in America, when I hear that argument and how strong we are when looking for regularisation of the undocumented Irish in the United States.

Will Ms Cumiskey address that fear that some people have about people flocking to Ireland for work permits?

The complete dependency of the permit holder on the employer in my view creates the opportunity for exploitation. We have tabled an amendment on the spouses issue and we have also tabled an amendment for those who have been separated or divorced because these individuals need confirmation of their eligibility to be regularised. We support the views on the sectoral approach. Although we will not be able to submit some of the Irish Immigrant Support Centre's suggestions on Committee Stage, we can submit them on Report Stage.

Ms Claire Cumiskey: The current regularisation of undocumented migrant workers is *ad hoc* and discretionary. This is the first time we have seen a policy introduced to have a scheme to re-activate these types of permissions. When one is working on these types of cases, one is working at the discretion of two Departments, namely, INIS, the Irish Naturalisation and Immigration Service, in the Department of Justice and Equality, and the Department of Jobs, Enterprise and Innovation. I cannot give the specific number of re-activations granted. Those figures are not published and we have to ask for them.

Over the past five years, we have assisted 25 migrants who were previously in the State on a work permit, became undocumented and wanted to get back into the system. They needed an employment permit to do that. To do this, one must make an application to INIS for an immigration permission because one cannot apply for a work permit from within the State without this permission. This step to get a decision on a temporary permission could take up to three to four months. Then one must submit an application to the Department of Jobs, Enterprise and Innovation for the actual work permit. This is a two-tiered approach but with this legislation it is essential both Departments will work together on this in a meaningful way.

Deputy Peadar Tóibín: It strikes me that the staff of INIS are doing the best they can. It also strikes me, however, that there is a major resourcing problem in the service. In any of the cases I have dealt with, it took a long time and the level of engagement was low with the agency. I have had cases of people whose work permits went out of date while waiting for INIS to provide a service to them.

Ms Claire Cumiskey: When one is relying on having a valid permit for the purpose of another Department, it can create delays and can even expire while an application is pending. If a decision on a work permit has not been granted by the time an immigration permission expires, one has to go back to INIS to ask for another temporary permission. We would hope that some regulations will be put in place once these re-activation employment permits come into law to allow for a minimum processing time or a greater synergy between both Departments to ensure the applications come through efficiently.

On the question about the floodgates argument, applications for employment permits from within the State are absolutely exceptional. The majority of employment permits are made while the migrant worker is outside the State. The proposed scheme will only deal with people who were previously legally in the State but fell out of the system through no fault of their own. I cannot see any merit in the argument that it will result in floods of migrant workers suddenly coming to Ireland. What we are really dealing with in this legislation is the legacy issue of migrant workers who have been in Ireland for a long time. The current income threshold of €30,000, the ineligible job categories and the 50:50 rules mean there will not be a high grant level for applications for general or low-wage employment permits. The legislation is dealing with people who have been here for many years, who have been exploited, who have not been

able to upgrade their immigration permission or attain Irish citizenship.

Senator Michael Mullins: What sort of numbers are we talking about with the legacy issue and those who have fallen outside the system?

Ms Claire Cumiskey: I cannot give that figure. It is estimated there are 30,000 undocumented migrant workers in the State. I cannot comment on the number of those who have fallen out of the system through no fault of their own. INIS introduced a scheme in 2009 for undocumented migrant workers who had been exploited and who previously held a work permit in the State to get back into the system which proved successful. We also had direct experience of that. It gave people the opportunity to become economically viable when they would not have the chance without the scheme.

Chairman: I thank Ms Cumiskey for her presentation and answering members' questions. Committee Stage of the Employment Permits (Amendment) Bill 2014 will be taken on Thursday but once issues are raised on that Stage, they can be brought forward on Report Stage.

The joint committee went into private session at 4.20 p.m. and adjourned at 4.40 p.m. until 1.30 p.m. on Tuesday, 1 July 2014.