

DÁIL ÉIREANN

AN COMHCHOISTE UM POIST, FIONTAIR AGUS NUÁLAÍOCHT

JOINT COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION

Dé Máirt, 1 Iúil 2014

Tuesday, 1 July 2014

The Joint Committee met at 1.40 p.m.

MEMBERS PRESENT:

Deputy Dara Calleary,	Senator Feargal Quinn,
Deputy Áine Collins,	Senator Mary M. White.
Deputy Seán Kyne,	

DEPUTY DAMIEN ENGLISH IN THE CHAIR.

The joint committee met in private session until 1.50 p.m.

Business Growth and Job Creation in Town and Village Centres: (Resumed) ISME and New Generation Development

Chairman: I welcome Mr. Mark Fielding, chief executive of ISME, to discuss measures to support business growth and job creation and retention in town centres and villages. I thank him for attending. This is probably his third or fourth appearance at a meeting of the committee in the past couple of months. I appreciate this and his input on this very important issue, on which we hope to issue a report in the next couple of months.

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. If they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to 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 asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable.

I invite Mr. Fielding to make his presentation.

Mr. Mark Fielding: I thank the Chairman. ISME welcomes the opportunity to discuss the problems in town and village centres and the ways in which we can rectify them. As we all know, the sad reality is that town centres that were once the vibrant hearts of their communities, serviced by many small and medium businesses, are under threat. The difficulties being experienced on the main streets and in town centres are well documented. I will talk about a number of issues, many of which are relevant to small businesses, be they in a town centre or an out-of-town centre. There are high commercial rents, a decrease in domestic demand, an increase in the popularity of Internet shopping and local authority rates and charges, not to mention the black economy which is booming in Ireland. In addition, there are parking problems in town centres. There has been a massively accelerated rate of shopping centre development, with an accompanying surge in the availability of new retail space. This has irreversibly changed the face of town centre retailing.

The ability to build stores outside towns has been made possible by a combination of confused and poorly applied planning rules, the power of big developers and the weakness of local councils and councillors who were bamboozled by developers. The retail planning guidelines, as they apply, represent best international practice and were intended to direct policy-makers in the assessment of planning applications in the context of devising retail policies and strategies. One of the key issues arising was their inconsistent interpretation by decision-makers. That occurred owing to a combination of vagueness within the guidelines and a lack of understanding by practitioners. As a result, the short-sighted decisions made allowed far too many out-of-town centres to be opened, tearing the heart out of local communities. At the end of 1999, before what we call the Celtic tiger, although it was more or less the end of the real Celtic tiger, there was about 500,000 sq. ft. of shopping space in Ireland. By the end of 2007, there was 3.3 million sq. m of non-high street floor space. Therefore, there had been a massive increase.

Suffice it to say Ireland ranked second in shopping space *per capita*. It was surpassed only by the Netherlands.

As we know, there was always competition in town centres, which helped the community. The old system was a much fairer one, both for the town and the community, because there was variety, quality and choice, while people shopped around. Now, owing to a lack of foresight on the part of councils and an eagerness to grab the shilling, as we would say, we have managed to decimate our towns. Local neighbourhood centres, where all services could be availed of, are closing down. We have sacrificed communities in favour of perceived convenience. Not only did we do this but the previous Administration tampered with the cap on retail warehousing to facilitate one multinational retailer. That has probably opened the door, even though there were promises of 500 jobs in Ballymun. I would like to know exactly how many quality jobs were created there. How many quality jobs have we actually lost in the furniture sector across the country because of what occurred? The trade-off was not in our best interests as a country. However, it has been done. ISME is stating politicians' fingerprints are all over this and it is now incumbent on them to sort it out, or at least to help to do so.

The reduction in footfall, stemming largely from decreased consumer spending, has contributed to the ghost town effect. The decay of town centres did not happen overnight. A speedy resolution, while preferable, will not be possible. We need a comprehensive strategy for renewing main streets and town centres and it must be agreed to and implemented as quickly as possible if streets which were once the focal points of community life are to be maintained. There is a definite correlation between a proactive and supportive local authority and a strong business revival in village and town centres. Businesses can be encouraged to remain in or move to towns through a range of schemes and incentives. The long-term outcome would be a vibrant town and increased revenue all around.

One issue that arises is that of parking, about which we keep hearing. City and county councils must assist their rate-paying business customers by offering parking incentives to consumers. Councils have a responsibility to consult relevant stakeholders to decide on a package of parking incentives that would best suit their town centres. This seems to be a big issue that keeps coming up.

While many say the aforementioned is not the be all and end all, we now see that when the municipal district reduces its parking income, the total amount of the general municipal allocation, GMA, will also be reduced. In other words, existing guidance incentivises municipalities to increase rather than decrease parking charges. If municipal income is increased, the general municipal allocation increases and *vice versa*. That issue needs to be examined.

With regard to streetscapes and the attractiveness of towns, a number of issues arise. First, we certainly need to incentivise a scheme to occupy vacant properties along the lines of what has been done in the Limerick area where there has been grant relief based on certified fit-out costs, up to a maximum of 50% of the annual rates in year one and 25% in year two. That would certainly help. We need to impose disincentives on landlords to prevent them from leaving units vacant. We also need to bring into place the concept of town teams, about which members will have heard time and again. The teams work towards improving the prosperity of town centres and creating a viable and sustainable town centre economy. Town teams in Ballinrobe and Claremorris operate according to a vision and purpose to improve their towns' prosperity and they work by consensus. A team consists of private and public sector representatives, creating an operational plan in seeking partnerships in an annual work plan to rejuvenate the town.

Regular community events such as village or town fairs and festivals do much to encourage footfall. If one goes to an out-of-town shopping centre, one will find that somebody is in charge of entertainment and ensuring there is more to shopping than just purchasing. In other words, shopping becomes an experience. We need to bring this thinking to town centres again. Most towns could have a proactive way of organising such events. We have seen an increase in the number of such events in recent years, but much more work needs to be done.

We have seen a lot of work being done in the United Kingdom. There is no harm in considering the incentives being examined there, including the review of double yellow lines, legislating to allow grace periods and ensuring CCTV is not used just to detect parking violations. Much of that work has been started over there. It is good to track and analyse those measures to be in a position to adapt them and to permit the mistakes and successes to influence any initiatives adopted for town centres in Ireland.

Crime is a priority for local Garda stations and it is addressed by way of ASBOs etc. It is important to increase the use of CCTV in town centres to ensure the streets both are and are perceived to be safe. It is an important aspect of the initiatives. More broadly, we are looking at local authority charges and rates, upwards-only rent reviews, increases in PRSI this year and the threat, which is becoming more of an issue, involving the sale of cigarettes. All of these issues are having a negative effect on retail. ISME has proposed a rates freeze for existing businesses for the short to medium term to allow owner-managers facing economic and costs uncertainties to at least have some certainty in this regard. The simple act of guaranteeing rates for a specified time would help to instil confidence and make it easier to predict future costs. That would facilitate growth in business and job creation opportunities. Charges for simple requests, such as a licence for outdoor chairs and tables, must also be reduced or eliminated where possible. Local authorities must work with owner-managers in businesses who are attempting to improve town centre trading rather than viewing them solely as an opportunity to boost town coffers.

Upwards-only rent reviews require attention, obviously. Senator Quinn's Bill has gone through the Seanad. We hope the Whips will not be brought out on that one and that it will get a proper hearing in the Dáil at least. It should be passed so that if the President decides to refer it to the Supreme Court, that can be done. That would get rid of the anomaly whereby we had pre-election promises which were broken afterwards based on certain advices. The advice that was given before seemed to change. It is incumbent on us to look at the number of retailers who are in trouble based on upwards-only rent reviews.

The increase in employer PRSI for low-paid workers is an issue. In the retail trade, many employees are working shorter hours to suit themselves. The previous PRSI rate of 4.25% was increased to 8.5%, a 100% increase that has had a major effect on retailers in particular. Not only has it threatened recruitment, it has threatened existing jobs in retail. In addition to the PRSI increase, we now have a new fee for retailers who are selling cigarettes, which we regard as the imposition of a punishment tax on retailers and the placing of an additional burden on businesses which are already struggling. We hope the Minister for Health will see that and reduce it accordingly to something that is more manageable.

Overall, retailers are being hit by a rapid increase in online retailing. Whether one is a town-centre or out-of-town business, it is the same thing. Retailing has evolved to a point at which people are expecting to view products online prior to visiting a store. Consumers also expect that they can order online and collect in-store or else have goods delivered to them. The stores that will survive in the coming years are the ones that adapt to the evolving world of retail. We see Government making some efforts in that regard with the online trading vouchers

which were launched as part of the national digital strategy. That has the potential to get more businesses trading online, but there have been low numbers and a slow roll-out. They were promised and promised again last year, but we now see them starting to come out. We hope the scheme will start the ball rolling and become effective, as online trading has become a fact of life, and this will affect retailers who do not embrace it.

Shopping local is an area in which, now more than ever, we need a national effort to save and retain Irish jobs. Buying from locally-owned businesses keeps money in circulation closer to where it is spent. Local shops use local services, including local accountants, local insurance brokers and PR companies, as well as employing local people. They also carry a higher percentage of locally made goods. From our own and international research, we see that for every €10 spent locally on Irish products, the multiplier effect is of the order of approximately €24 for the local community. To look at it in a different way, of every €1 spent with local shops, 45 cent is invested locally, whereas the equivalent figure for foreign multiples is approximately 15 cent. There is a three-fold increase in local investment when one trades with local suppliers. A greater effort to purchase locally is required.

On a more positive note, our research indicates that the majority of retailers in our organisation are optimistic and resilient. They are intent on expanding. They are carrying out reviews of their businesses from finance to service delivery and staff training to premises and equipment investment in anticipation of any increase in consumer spending. As retailing is intensely competitive and dependent on consumer preferences, quality, value for money and customer service, it is paramount that businesses create a shopping experience. To invest and revamp, one needs finance. After the recent banking fiasco which led to the bailout and created major problems, a little over 60% of our retail members have found it almost impossible to get bank financing, whether for new or renegotiated facilities. The hard fact is that many retailers have had to fund any investment through their internal self-finance resources, if such are available. Another recent challenge has been the massive increase in money handling and transmission fees and charges foisted on retailers by bailed-out banks in an attempt to get back their super-profits. It is an area we must keep an eye on.

Despite the disastrous recession, however, retailers are preparing for the positive. They can see the return of more people to work and they will ensure by prudent management of their own resources a near-term return to sustainable job creation. We have seen evidence of that in our most recent trends survey, the results of which have not yet been published. We see retailers starting to come out of the recession, although they are behind the main economy. There are positive trends in employment in particular. The whole essence of dynamic retailing is to be innovative and competitive. Innovation is not just a matter of building large shopping centres or enormous stores to the maximum extent possible; it is about providing new formats, suitable to local conditions and accessible to a wider number of consumers in the largest number of locations with the minimum additional impact on congestion.

What we are talking about, of course, is town centres. It is too easy to seek one solution to solve all problems, but we have by our actions over the last half century neglected our town centres. The way we live has changed and will change further. If town centres are our lifeblood and if they are to be a point of difference, we must support and guide them and encourage radical thinking and action over a sustained period. We do not need nor will we again have the town centres of the 1950s and 1960s, but we need an energetic and effective town centre in the Ireland of the 21st century. We in ISME believe that by implementing the recommendations seen by the committee, the vitality of town and village centres can be restored, which would

inevitably lead to the creation of jobs and the greater enhancement of community life for local people and tourists. Examining rates and charges and the way in which the money is spent, introducing town teams, providing for a mix of businesses and services and exploring ways of exploiting the opportunities available online will work to restore town centres to being the heart of community life.

Chairman: Mr. Fielding spoke very clearly and in a frank manner. Some members of the committee have been delayed owing to traffic problems, but copies of all of the presentations made will be given to them. An impression was given in the past two meetings that upward only rent reviews were only an issue in certain places. ISME has members throughout the country. Are its members in every county still having a difficulty with upward only rent reviews?

Mr. Mark Fielding: We have problems with them to a greater or lesser extent, but it is an issue around the country. It is an issue wherever a landlord has a banker behind him or her who has loaned him or her money. We are finding that landlords not caught by bankers are more than willing to negotiate. When a tenant goes to negotiate, he or she tends to find out that there are three in the bed - the tenant, the landlord and the banker - and I am afraid it is the banker who holds sway.

Deputy Dara Calleary: I thank the Chairman and Mr. Fielding for his input. I agree with most of his prescriptions. Internet shopping is an issue on which we need to focus. There is a generation probably just behind us who might never use a shop to buy anything. They will go in to fit something on and then buy it online. What work is ISME doing with its members in engaging with them and getting them to understand the importance of the Internet and how it is about to literally wipe their eye? Mr. Fielding has mentioned vouchers and Claremorris. What supports do we need to put in place in terms of finance but also in terms of education, particularly for retailers?

Mr. Mark Fielding: Through the ISME Skillnet, we certainly have a good number of training courses that we run for our members nationwide on how to become involved in online trading. There was always a thing about having a website, but it is about trading online. The answer is the education of our members, our member companies and their staff.

With regard to the provision of supports, there is not much point in giving vouchers to businesses to actually get them trading online if the broadband service is intermittent. What supports do we need? We need to have a good carrier in order that when we trade online, the service is not going to drop down in the middle. If this happens, not alone does one lose trade but one also loses a customer. That is the main area in which we have been involved and it is part of ISME's educational activities through Skillnet.

Senator Feargal Quinn: I welcome Mr. Fielding. We know about the problems as we have heard about them before. It is interesting to hear his expression of confidence and belief that it is possible to get somewhere. Having confidence is so important. I have said before that there is far too much acceptance of the belief the Government, the council and somebody else should be doing something. I was in a partnership many years ago before I entered the House. I remember going to a meeting aimed at creating jobs and being stunned by the fact that practically everybody at the meeting said they had to get the Government to help, to get a State agency to help them, instead of doing it themselves, yet I see towns around the country in which individuals are actually working together. I was involved in a number of towns in recent years in which people did not even work together. However, when one got them to work together, one found that they could have a vibrant town that was exciting and could attract customers. I remember

visiting one town in which people complained that they could not have the footpaths cleaned. They agreed to do it themselves. Perhaps they did not do it everyday, but they certainly did it on the days when the council was not doing a good job. A very large amount is in the hands of retailers themselves. That is why I particularly liked Mr. Fielding's remark about confidence growing. Traders on a street should be able to say they will not allow a shop to sit empty and say its use should be given to the local school or art club in order that, in effect, anybody walking down the street will not see empty shops. They will see shops that are vibrant and alive and that look as though they are doing something.

I have one other problem having regard to all of the solutions to the problem of parking. I have experienced this during the years. Whenever one does not charge for parking or whenever one makes it very easy to do so, owners and staff fill all of the places available. They arrive in the morning and leave their cars there all day. We did not find an easy solution to this problem and the answer probably lies in our own hands, by which I mean ISME's members and retailers around the country. Rather than say the Government should be doing this or that, a huge amount is in the hands of retailers. If they can do it themselves, they will achieve something. This applies to Internet shopping, in particular. Companies around the world and in Ireland are doing an amazing job. They are able to attract attention, but it does not happen by accident. It means somebody getting up in the morning and saying he or she is going to make sure it works. I believe ISME's membership includes a very large number of people who feel that way and will do it, but we must give them the support, openings and confidence they need.

Mr. Mark Fielding: I agree with everything Senator Feargal Quinn said. Of course, it is down to ourselves to do it. I come from a retailing background and remember the shop in Thurles. The first thing every shopkeeper did was sweep the path outside the shop. That would have been second nature, but we lost it because people expected the council to do this, that and the other. On the introduction of the concept of town teams, again, we must do it ourselves, although I take the Senator's point that there must be support available. It is all very well, however, for five or six retailers to say, "Look at that ugly shop that has been closed; let us do something with it," as one comes across difficulties in getting anywhere because there is a landlord who is just sitting on his or her hands. There is a need for support in that regard.

I also take Senator Feargal Quinn's point about the Internet. I keep going back to the point that there are parts of the country in which people cannot engage in it because of the broadband service available, but that is another day's work. I agree that part of the future is Internet shopping, regardless of whether we are talking about a town or an out-of-town centre.

Deputy Seán Kyne: I welcome Mr. Fielding. We have discussed some of these issues previously with retailers and the same points keep coming up. I suppose this is because they are not being resolved, which is a problem. Mr. Fielding was not very complimentary in his remarks about councillors, perhaps with good reason. Under the new regime in local authorities, councillors will have a greater role in respect of local enterprise offices. In terms of economic development, does Mr. Fielding think their role, regardless of whether it comes from themselves or is forced on them by management, will involve taking these issues more seriously? Is he confident that that will?

At some of the first meetings of county councils there have been proposals to reduce property tax by 15%. One can look at this in two ways. It will either put more money back in people's pockets to spend in retail units or it will make them over reliant on rates from businesses.

Does Mr. Fielding think there is a part to play in getting people into vacant apartments over

retail units and old houses in town centres? I agree with Senator Feargal Quinn on the parking issue which is one between the owners of units and workers.

With regard to the so-called Tesco tax, many out-of-town units are leased by independent traders who are entrepreneurs trying to make a go of a business. Could some of them be made unviable without making town centres viable if this tax were introduced?

Mr. Fielding referred to towns in the 1950s. Many of those businesses were owner occupied and they did not have to bear the cost of rent and so on. The ethos has changed since. People have to pay rent and cannot make a go of it.

Mr. Mark Fielding: On the new crop of councillors, I hope they will have seen the errors of the past. Listening to them on the hustings, they were full of promise about local initiatives which I hope will happen.

LEOs will have a big part of play and my thoughts on them are well known. I am afraid there will be a hiatus while they bed down in the next while. I do not know how long it will take them to make the change and bring the enterprise part under county managers who, historically, through no fault of their own, did have not an entrepreneurial bent. They were much more involved in making sure the facilities and amenities provided were right. We will wait and see whether they are able to embrace the entrepreneurial side of LEOs. I just hope that will happen, otherwise we will set back the seedbed of entrepreneurship a few years in Ireland.

With regard to the ability to reduce property tax by 15%, the Deputy is correct that if councils reduce the tax, they must recoup the money elsewhere and it could be the usual response of hitting business, rather than looking at themselves and seeing where they can reduce their costs, like any business. If one's income reduces, the first thing one must look at is one's cost base, but we have a history in Ireland of increasing costs when income reduces. The local authorities study published in July 2010 showed a reduction of between €510 million and €512 million in costs was available to local councillors. Some of this has been achieved through amalgamations, etc., but they have to look first at their costs before they start looking at businesses to increase rates.

In the 1950s living over a shop was a way of life and I am sure it could still happen. Putting incentives in place to bring people back into city and town centres is important.

I agree on the parking issue. Staff tend to avail of parking facilities and it is a matter of making sure it does not happen. The measure would have to be policed properly.

I do not see a Tesco tax because, as the Deputy said, it would hit other traders. Everybody has a right to trade wherever he or she is located. I am talking about what we can do to get people back into the centre of towns because we have lost a lot. That town culture is part of our Irishness and we are losing it. Perhaps it might happen anyway. It was a badge of achievement and honour when one had made enough and was successful enough to move out from over one's shop. That happened me as a child. We moved from the road because my father had made a few shillings. Units do not have to have an owner occupier. Many of the rooms above shops are vacant and could be used.

Chairman: Mr. Fielding mentioned crime and people feeling safe, an issue which has come up in other presentations. Does he favour having more security personnel, not necessarily gardaí, on the streets? Every shopping centre has them and they are used in other countries, but they are not on the streets. Should we consider this as a recommendation?

Many activities in towns such as festivals take place at night when most shops are closed. Should more activities be scheduled to take place during the day or should shops open more frequently at night? In most towns there is late night shopping one or two nights a week. Does Mr. Fielding have an opinion on this issue based on studying abroad and so on?

The PRSI issue has come up a great deal in the past few weeks. If ISME conducted a campaign on the upcoming budget, is that where it would its efforts would lie? Must we examine this issue? Mr. Fielding has said a change should be implemented only for a few years. Should such a change be considered for only two or three years to give business a boost? Some of the recommendations are for the long term, but we also want to find quick solutions to help retailers in the near future.

Mr. Fielding honestly raised the issue of the reluctance of businesses to trade online. We do not know the reasons for this. What is his opinion? He suggested we conduct an in-depth review to find the reasons. We are lagging behind in this regard and I cannot put my finger on it. Does Mr. Fielding have an opinion or does he think we should prioritise an in-depth review to address the issue?

What is the best way to encourage town teams? Should it be done through offering financial assistance? If people come together, something will happen, but do they need a pot of money to back them? Mr. Fielding has cited what is happening in the United Kingdom. What is the best way to fast-track this concept and get the teams moving?

Mr. Mark Fielding: We are certainly in favour of higher visibility and a larger Garda presence. Greater use of CCTV would be help in the fight against crime.

There is mixed opinion on late night shopping. We have reached the stage where shops are open 365 days a year. It is not good for the employees or the owners to have to do this.

Chairman: I agree.

Mr. Mark Fielding: The owners have to be there every day, but they can schedule their employees. Would closing time for late night shopping be 9 p.m., 10 p.m. or 11 p.m? In town centres especially all shops do not need to be open, but if a change of use could be fast-tracked for businesses, for example, from retail to restaurant use, in order that the town centre could be changed, there would be a lot of work. It is not all about retail; it is also about convenience and providing an experience to get people back into town centres.

While PRSI will not be the only issue, it will certainly be a big one. Retail members of ISME say it has curtailed not alone their new employees but it has also put a strain on existing employees. Rectifying this would create new jobs. We keep talking about job creation. The 100% increase in employer PRSI for people earning up to €356 per week has stopped them taking on new employees. As we know, over recent years, many retailers have had to cut back on staff, but as the consumer is starting to spend, more staff are needed. Employers look to see how they can do this, and are immediately hit with extra PRSI. There would be a payback if PRSI were addressed. The Government could bring the rate back to 4.25%, leave it there, have some sort of sunset clause, and gradually bring it back up again. The increase was too fast and too much.

The difficulty with online selling is that many retailers and other businesses were sold a pup by slick salespeople who told them getting online was the answer to everything, and there was no such thing as education. Deputy Calleary referred to this. Many people took it on board and

waited for things to happen, not understanding that one must work one's online presence as one has to work one's shop. Education and training is part of the answer.

Town teams should be financed in a competitive way so that they compete with each other for funding, bringing the better towns on. It is all about competition. ISME lives or dies by competition. If a town can outdo another town it should be rewarded, similar to the Tidy Towns competition.

Chairman: Have State officials been reluctant to get involved in town teams? Are they open to the teams when they are approached? Is direction needed through the local authorities?

Mr. Mark Fielding: We have heard no complaints about it. Had I heard any, I would tell the committee.

Chairman: I thank Mr. Fielding. Other members may have questions, which we will forward to him, and we will engage with him over the coming months while we complete the report.

Sitting suspended at 2.33 p.m. and resumed at 2.35 p.m.

Chairman: Mr. John Moran, of New Generation Economic Development, will make his presentation to discuss measures to support business growth and job creation and retention in town and village centres. I welcome Mr. Moran.

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 relation 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 person or entity by name or in such a way as to make him, her or it identifiable.

Mr. John Moran: I thank the committee for the opportunity to present New Generation Economic Development, NGED. The outcome of the presentation should be a much better understanding of a locally based development strategy, which will, with whatever amendments, receive the committee's endorsement and recommendation. In 2007 our national debt stood at €482 billion, 20% of GDP. In December 2013, our national debt stood at €709 billion, 120% of GDP. This information must be tempered in part with aspects of the bank bailout. The overall trend is that, despite the series of austerity measures, debt reduction has not happened. If this trend is allowed continue, the Irish taxpayer faces an ongoing burden and future economic prospects will be hampered.

The only practical option is growth, growth and more growth. There is a recognition that existing development agencies and policy have so far failed to have a sufficient impact on these crucial issues. The proposed strategy is a bottom-up, localised development, embracing a public-private partnership model. The premise is based on identifying local needs and delivering solutions in conjunction with group-based development. The key deployment is rural, rather than city, locations. The target audience is the micro sector, both sustaining existing enterprise and creating a supportive environment for start-ups. NGED offers a simple, transparent management structure and allows for early deployment. This is about building a local development platform with a strong emphasis on marketing. Local inputs and modifications can be included

to meet specific area requirements.

The initial development phase will embrace local retail, micro-business and tourism. The 360 degree development vision is about an integrated development network at local, county and regional level. In the interim, we propose a first phase that can be deployed and achieved now. Crucially, given a degree of support, NGED programmes can be rolled out on a pilot basis in a matter of months. There are positive economic indicators in terms of start-ups. It is intended that NGED will capitalise on and enhance this trend. It is hoped that this template deserves positive consideration.

The retail sector seems to be the current topic of discussion. Our argument is that we should consider group development - namely, retailers coming together as a group - which will have an impact with regard to what the previous speaker was talking about. The traditional retail market is dominated to a large extent by the migration to online shopping, the growing position of the multiples, ease of parking, convenience, better ambience, the issue of upward-only rent reviews, and an unsympathetic rates structure. Our objective is to create a robust and innovative retail environment in town centres, adopt a new shopping experience and image for modern shoppers, identify those critical local development pinch points, and form a dedicated working structure to implement an agreed series of proactive development measures.

In our template, we propose group-based local structures - that is, groups of local retailers coming together. Every individual retailer faces exactly the same problem. Such a collective would provide scale and impact. As part of the build-up to this, we have recognised that we need to consider a strategy that includes objectives, a structure and generic training. Because retail, like every other market, has changed, we need to retrain to meet modern demands. The objectives, primary and secondary and long- and short-term, must be determined by the local business development groups. We cannot go to a town and impose what we think it needs. The feedback must come from the ground. The limited company partnership co-operative must have local agreement. There is also a case for including a nominal shareholding for external management input. The strategy will be influenced by the objective needs analysis. Management will agree a timeline and key objectives, which become part of a business plan and project management. Training becomes constant.

Online e-commerce is a growing opportunity and cannot be ignored. It is acknowledged that small retail operators may not have the scale or resources to effectively impact on this marketplace. The shopping proposal is where a group of local retailers consider a group-based communal e-commerce site, share costs and share the benefits not only to drive Internet business but also to drive footfall into the store. The Americans who tend to be leaders in this space, now see where they are actually killing conventional retailers. We are trying to focus an online e-commerce site to drive traffic into the stores as well as avail of retail opportunities. The online aspect should be part of an overall promotional development strategy. Shopping would be managed externally. In other words, we have outsourced the shopping programme to a management company. It is not only about retail sales but to revive town centres as a real shopping destination. I travel between Tullamore, Portlaoise, Longford, Mullingar, Ballina and Castlebar. We have good county towns but the retail sector which has gone out of them is effectively dead. We need to put an emphasis on reviving town centres.

The shopping template becomes the online commercial retail hub where group discounts and offers can be part of the order of the day. There are opportunities to bring back some additional retail activity. The introduction of pop-up shops and new variations of hybrid retail units. Eat 17 is a combination of a food hall, retail sector, music centre and a cafe. Apparently

that concept appeals to the younger shopper. It has an online promotion which entices them into the shop where they have a burger and it is a place to meet. That is part of the revival process that we are recommending.

The pop-up shop will have two variants. The uShop for single operations and the uShop 2 which is group based and can take on a few variations. It can be a foodhall type of activity which has a central dining area and there may be ten or 12 smaller units supplying services. That is the kind of cheap innovation that is needed. We are not talking about high tech but customer-led projects and marketing, promotion and perception. They are key to driving this new image.

Vacant and rundown shops need to be part of the solution as it is disheartening that all one sees on a main street is plywood. I am aware of local initiatives to paint those vacant shops and, where possible, to display information notices. This does not involve getting into huge costs but we are improving the image. Under the local initiative all the shops are painted in nice colours all of which adds to the image. In embarking on this process we need to get feedback from the retailers and the people on the ground. We are building a structure that meets the needs. We could get involved with institutes of technology. In fact, Athlone and GMIT Castlebar have already helped us. We can build on the basis of need.

New generation shopping cannot remain in isolation but has got to be part of a wider 360 degree development. I recall in our town a time where the Connacht final day, which was usually on a Sunday, was bonanza day. Some discussion is taking place on whether Connacht final day could be on a Saturday and whether we could build a weekend event around it. All of these things can be done today or tomorrow and one does not have to wait for outside help. One needs to tie in with local groups with a view to capitalising where possible. We are not talking about getting involved in major costs. This is very simple idea.

The operational phase may get technical. Essentially, it will look to the objectives of these analyses. This includes a survey and feedback sessions from existing traditional retail sectors. It is important to have on board. It is important to have those on board. The outcome should provide for a needs analysis. The strategy becomes the means and timeline to achieve the goals and objectives. The structure on which we are embarking is a commercial structure, not a club structure. The typical project plan will include the budget, the cost element, the benefits, benchmarks and criteria for measuring it. It is no good having a plan unless it is measured. There must be a project breakdown of the structure, the schedule and the risk analysis. There must be project team roles, reporting processes and financial functions. The outcome should be clarity of purpose and clarity of vision. The participants and stakeholders must have access to all related information. The model is a public private partnership where all operational information is available. It is no good keeping secrets. If the plan is to be implemented, everybody must be fully aware of what is happening.

The management structure is two-tier. There is the executive-operational side and the supervisory side which, hopefully, will include a public private partnership with local authorities as they gain or lose on the success of the retail sector. The outcome should be an inviting and attractive environment to entice people back into town centre shopping. The business perspective should adopt a more consumer, customer-centred and responsible relationship which has been lacking.

We could ask what happened in the retail sector in 2008. Shopping habits changed and there was an economic implosion. Therefore, we have to go back and restore the credibility we had

to respond to customer needs. I think we lost that to some extent.

In summary, retail is changing and will continue to do so. The danger points include the traditional retail sector. The shopping template seeks to whip this sector with the synergy and resources to successfully embrace these challenges. The individual shop retains its traditional ethos but now has access to online e-commerce, digital marketing and group-based business savings. In addition, the group-based communal collegiate structure provides a very positive business environment. However, we are losing that because of apathy, which is our biggest enemy. We have to restore that confidence in the environment.

The wider 360 degree development embraces issues such as local tourism. It is all based on group support which we have had in the past. Clearly, the success of the co-operatives all started with local need. For example, the credit unions responded to a local need. It is clear from driving around the country that the need now is to restore an economic model for every locality. The essence of any business is that it needs to sell a product and if it does not, the business does not happen. Part of our structure is that we are embracing small businesses, micro-businesses, local tourism and retail, and in the middle of that structure we have a county marketing company. I would like to claim that the county marketing company was my idea or our idea but in essence it is copied off the Alibaba model that the Chinese used very successfully for many years, as a gateway for their own producers. What we have done is that we have borrowed, adjusted and got a model whereby we should go into every county. Therefore if a shoe shop wants to sell product online or services online we have one common point to do it. That provides scale to the smaller producer and gives him a leg-up in terms of getting into the market place. We need to achieve more business and growth in business. However, we cannot achieve growth under present circumstances. I am not criticising the State bodies in place. They were formed in completely different economic circumstances. We are trying to work on developing a relationship with them. If we can do so, we will deliver a better synergy and impact to the business sector on a group basis.

I could talk about this for hours, but the committee has a report. That is a template, though, and is not complete. It is deliberately structured in that way because it can be modified to suit requirements in different areas. There might be a different set of requirements in Monaghan than there is in Mayo, for example. This template can be implemented quickly. We are not discussing major costs or structures. Rather, we are discussing entering a community, engaging with it on its needs and, once we know those, setting about delivering the necessary solutions. The report outlines some of our target areas - energy, the retail sector, local tourism and a crucial project called trade bridge. We have people in Ireland who are producing a product with export potential, but who will be defeated by the shared costs and logistics involved in accessing an export market. In recent years, I have spoken with the Irish diaspora in the UK, for example, the members of which have been broadly supportive of creating a bridge into the UK market. In this way, the person selling widgets is allowed to expand that operation. Ireland does not have the growth potential to do that.

We are trying to support local retailers, harness green energy's potential locally and promote local tourism, retailers and small businesses that are on a knife's edge but that, with a little support, could be brought back into the fold. In this way, we could drive potential.

Chairman: I thank Mr. Moran for his presentation. This week and last week have seen a great deal of discussion on the town teams model, for example, how to run a team. I am always interested in the county marketing campaign, given the serious difficulty with getting our businesses to move online. This might be the way to do that collectively.

Deputy Dara Calleary: I thank Mr. Moran for his input. Where do New Generation Development and the marketing company, which are great ideas, fit into the existing structure? Our Leader partnerships are doing similar work.

Mr. John Moran: I have the notion that we would absorb or be absorbed by Leader. There should not be a conflict. We are just working on a different end of the market. We do not foresee a conflict with local enterprise offices, LEOs, although it is possible. For example, there is a philosophy that we should support high-potential start-ups, HPSUs, for export. I am not *au fait* with that area. There is a woman - I will not tell the committee where she is - who makes the same brown soda bread that the Deputy or I would make. She puts it into a van twice per week and sends it to Manchester. She is not a HPSU, but she employs two or three people. If one is making widgets, one might not be a HPSU, but they might still sell in the UK. If so, why can we not get a van for such a person? Strictly speaking, we should be seeking opportunities in every sector, not just certain categories.

Deputy Seán Kyne: I welcome Mr. Moran and thank him for his presentation. In what ways can the Government help? I asked Mr. Fielding a question about LEOs in local authorities. Will councils' executives take a more targeted approach to business development and job creation, given the fact that they will now have the remit for same? Will the municipal districts encompassing a number of large towns and their hinterlands and the elected chairs of same create an extra focus on this matter?

In terms of reviving town centres, Mr. Moran mentioned painting shops. Simple initiatives like Tidy Towns do a great deal of good work and are funded through the local councils and so on. Most towns worth their salt would have this type of voluntary element improving their aesthetics. Surely additional help is not required.

Mr. John Moran: To take the last part of Deputy Kyne's question first, I cover a fair bit of the countryside between the midlands and the west. There are towns that have not got the message that they need to improve their overall image. It can be a killer. If the main street of any town looks dull, the immediate image is of nothing happening. On the other hand, if a town's image is positive because it has been painted and cleaned, that is a first step. The message needs to be extended. It is simple, but it is positive and many small towns need to embrace it.

The LEOs are fairly new organisations and need time to bed in. I do not know the timeline for them to become effective, but they should theoretically be a major player in this regard. Our focus is on marketing as a business must have a market to be effective. Unfortunately, LEOs do not place this emphasis on marketing. However, I see no major conflict there.

In one of our studies, we examined an OECD report that strategised and practised local development from the ground up. The OECD believes it has devised some competent models. I have provided the committee with an insight into the OECD's thinking in this regard. The future will be bottom-up development across the board, including education and economic development. The OECD conducted a report on this for the Welsh Assembly recently. There is a parallel with Ireland. If one wants to know which structures work, the local development structure has that potential. Go back far enough and consider our success stories, for example, local credit unions, which responded to a need. They were set up in small villages and towns. Now, we need to rebuild local economies. We can harness local development. We have a legacy in this regard. We are not just inventing it. The co-op movement stemmed from a need to do something. We must revisit this approach. As to how to do this in co-operation with LEOs, we should not try to reinvent the wheel. Rather, we should try for a level of co-operation that

suits the existing skill sets.

That said, we do work that LEOs do not. A marketing focus is central from our point of view. We want to do the same in terms of tourism. Ireland generally has a good tourism product, but it is like a jigsaw - we have the bits and pieces. We are trying to integrate our tourism offering so that people are encouraged to stay in areas for longer. There are synergies with Fáilte Ireland in pushing this agenda along.

Deputy Seán Kyne: Surely the role of LEOs and the local community development associations within same is to market their respective counties and cities.

Mr. John Moran: I have in mind a dedicated Alibaba-type central marketing site with both an online and offline presence. I am on the road every day of the week and come across products that could be sold somewhere. We have people producing products but who do not have profiles. If the Cork fellas came to Dublin to see an exhibit on Cork producers then it would act as a boost for them. The Mayo fellas could do the same or we could do what is done in the UK. The small producers, given a little bit of push or help, can achieve but we need to change the dynamics of what we are doing. The LEO people are not going into the tourism area. We had the idea of trying to provide people arriving in County Mayo with a list of activities to sustain their visit for two or three nights, which is where the spend is. We have the bits of the jigsaw and we are putting it together. The initiative is fairly typical throughout the county. We have hidden gems but we are not promoting them. Perhaps the content that FÁS courses compiled over the years is marketable and we could make use of it. At the moment the information is under beds, at the back of wardrobes or whatever. We cannot talk about major costs because nobody can afford to get involved in multi-million euro projects. I am talking about stupidly simple rather than the super sophisticated. We can turn around this information and put an initiative together pretty quickly.

Chairman: Unless members wish to ask further questions, I thank Mr. Moran for his presentation. I apologise that many members could not attend but there was a clash of meetings today. I can assure him that all of the presentation will be read by members again.

Mr. John Moran: That is fine.

Chairman: I hope the Department's officials are watching this because they were part of it as well.

I shall outline the format of our work. We hope to compile a report and prepare a list of recommendations on this matter in a few weeks' time. That will feed into the retail consultation forum set up by the Department under the Action Plan for Jobs. We will make a list of recommendations and the forum will decide which ones can be used and adapted. All of the players - stakeholders and retailers - will be involved in the process and I hope we will have action on this matter. We have heard some good stuff here today and we will report to Mr. Moran along the way.

Mr. John Moran: I thank the Chairman and members.

Chairman: Before we adjourn I remind members of the select committee that we will consider the Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Bill 2013 on Thursday morning at 10 a.m.

The joint committee adjourned at 3.05 p.m. until 1.30 p.m. on Thursday, 8 July 2014.

