

11 March 2016

Secretary
Low Pay Commission
Department of Jobs, Enterprise and Innovation
Room 207A
Davitt House
Adelaide Road
Dublin 2

By email – secretarylpc@djei.ie

Submission by RGDATA on consultation on National Minimum Wage and related matters

Dear Sirs,

RGDATA is the representative body for the Independent Retail Grocery Sector in Ireland.

Poor consultation process

At the outset RGDATA wishes to note its continued dissatisfaction at the manner in which the Low Pay Commission is conducting consultation processes in relation to matters that are of key importance to our members. As we pointed out in our response to the previous submission on sub minima rates, we believe that the approach which is being adopted by the Commission is sub optimal, not properly structured and will not provide the Commission with the level of information required to make properly grounded findings to Government.

Yet again, the Commission has merely thrown open two general themes to consultation, but without setting any proper context or background. There is no discussion paper presented, nor are any detailed facts and figures in relation to employment practices published as part of a consultation paper. It is regrettable that this practice is persisting in the way that the Commission is seeking views from stakeholders as it could negatively taint the findings and recommendations which the Commission makes.

Economic study

Without prejudice to these general comments, RGDATA has recently published a report into the economic contribution of the local shop by Jim Power, Economist. This was a research based report which was informed by survey data collected from RGDATA members across a range of themes and topics – including employment practices.

Of particular relevance to this submission the Report found the following;

- The independent retail grocery sector is responsible for 90,000 jobs with a gross contribution to the national wage pool of €2.07bn
- The split between full time and part time employees is 50/50.
- 89% of employees in our members' shops are paid above the National Minimum Wage
- Continuity of employment is strong in the sector – 64% of employees have worked for the same employer for longer than 5 years.

Members' survey

RGDATA is currently surveying members in relation to some of the other issues raised by the Commission in the questionnaire on which the consultation process was based and is collating information on the following:

- % of Female part time and full time workers in RGDATA members' shops
- % of Male part time and full time workers in RGDATA members' shops
- % of workers in RGDATA members' shops who are in receipt of Family Income Supplement

The RGDATA survey will not be completed for another couple of weeks but the early responses clearly show that employment practices in the independent retail sector are fair and reasonable with better wages, better hours of work and security of employment than those suggested in public comments by critics of retail employers. It is imperative that the Low Pay Commission conduct its own independent research to establish the facts throughout the various segments of retail sector.

Inability to Pay Clause

- Of the members surveyed to date 45% say they are aware of the inability to pay clause, 55% are not aware of the clause.
- RGDATA is not aware of any member who has availed of the inability to pay clause. However, we are aware of many members who have worked without pay and invested all of their savings, up to and including the family home, into their store, trying to keep it open and their staff in jobs during the recession. When we asked these members about applying for the inability to pay clause they would not do it as they did not want to make such a public declaration of their business situation.

- RGDATA members who operate convenience stores and supermarkets throughout the country compete with the German Multiples on a daily basis. A German supermarket operates on a low cost/ very low employment model with 12 – 20 jobs per store compared to 30 – 170 for independent grocers. Any increase in the hourly rate of employment has a much more significant impact on the independent sector. Independent retailers cannot increase prices to cover increased costs as they must remain competitive to stay in business. Unsustainable cost increases will inevitably lead to independent retailers having to follow the German model and reduce the jobs and hours in their shops in order to remain competitive. This will have an extremely damaging impact on jobs in rural economies and in towns and villages that continue to struggle as a result of the extremely challenging economic situation.
- The majority – 60% - of members surveyed to date say they are not benefitting from the “economic recovery”. Convenience/Grocery retailers also recognise that consumer shopping habits in this sector have changed utterly, margins are extremely tight, business costs are increasing, shopping habits and patterns have changed and it is an extremely challenging and competitive sector.
- The recent increase in the National Minimum Wage has had significant consequences for members’ stores – the majority of members who have responded to date say that it has led to pay claims from employees who are already earning in excess of the minimum wage. It has also had implications for consumers and staff – these wage increases have resulted in a decrease in the number of hours available to staff (in 56% of shops), a decrease in the number of staff employed (in 56% of shops) and 52% of retailers say that they have had to increase prices of products to cover the additional costs.

Misplaced preconceptions

The Jim Power Report and the current research being carried out by RGDATA demonstrate that some of the preconceptions that are often levelled at employment practices in the retail sector are entirely misplaced in relation to independent grocery/convenience retailers. In particular, they demonstrate that;

- The vast majority of workers in RGDATA members’ shops are paid in excess of the National Minimum Wage – over 89%. Consequently, there is no preponderance of women in the independent retail grocery sector who are paid the National Minimum Wage.
- Jobs in the independent retail grocery sector are positions that endure and are not casual in nature – nearly 2/3rds of people working in members’ shops have been working there for over five years – a not inconsiderable feat given the scale of the challenges which the sector has faced in recent years. The retail grocery sector bore the brunt of the downturn and it is to the credit of members that they worked hard to retain loyal and committed staff.
- There are no “zero hours” contracts in RGDATA members’ shops.
- According to the survey responses to date less than 6% of employees in RGDATA members’ stores are on Family Income Supplement.

Soundly based recommendations required

We hope that the Low Pay Commission will take note of the findings which RGDATA has obtained from our research and our ongoing survey. It is important that any policy recommendations in this critical area are soundly based and do not rely on conjecture, hearsay or perceived poor practices in specific sectors. Poorly constructed State intervention in the market place causes havoc, damage jobs and raises costs. It is incumbent on the Commission to ensure that its research, findings and recommendations are soundly based and do not lead to policy interventions or instruments which actually damage business operations, lead to reduced hours and jobs and impact on business confidence.

I trust that this sets out our position on this matter. RGDATA would welcome the opportunity to meet with the Low Pay Commission so that you can hear directly from independent grocery/convenience shop owners about the challenges they face as local employers trying to provide valuable local jobs and run a successful local business.

Yours sincerely

Tara Buckley
Director General