



LOCAL SHOPS - LOCAL COMMUNITIES

13 February 2017

Low Pay Commission
Room 207A
Davitt House
Adelaide Road
Dublin 2
D02 TW27

Submission on the National Minimum Wage

Dear Sirs,

I refer to the call for submissions by the Low Pay Commission on the National Minimum Wage.

RGDATA as the representative body for the Independent retail grocery sector in Ireland, wishes to convey our members' concerns at any potential increase in employment costs in Ireland as a consequence of an increase in the National Minimum Wage. Any such increase at this time would be unjustified and potentially damaging given a range of impacts for our members' businesses.

For instance the level of consumer expenditure remains depressed and has been slow to recover from the significant reduction experienced during the recent downturn. Food and grocery sales have not yet recovered to the levels that might have been expected as the economy returns to growth.

Additionally, members are facing an increasing competitive market place where operating margins are continually under pressure from competitors who are trading very much on low cost and low employment operating models. Many of the newer format retailers in Ireland specifically base their operating model around a retail format that employs less than half the number that are employed in an equivalent sized store run by one of our members. Consequently any increases in employment costs have a direct and significant impact on the operating margins of members' businesses.

The operating environment is further complicated by considerable uncertainty arising from Brexit, particularly for retailers that are operating in counties adjacent to the border with Northern Ireland. The challenges that these businesses are already facing from increased levels of cross border shopping is of real concern and needs to be factored in their planning for the next 12 – 24 months.

In the circumstances RGDATA believes that any increase in the National Minimum Wage is not justified and would have a counterproductive impact on employment in

the retail grocery sector. The vast majority of independent retailers pay their employees in excess of the National Minimum Wage, however many of them continue to struggle in the difficult operating environments outlined above and who need the certainty of the current National Minimum Wage level for the next 12 months in order to maintain employment costs at current levels. Any increase in labour costs for these retailers would be extremely damaging and likely create a negative impact on employment within their shops.

I hope that these views will be taken into account by the Low Pay Commission in the determination of any recommendations for Government on the National Minimum Wage.

Yours sincerely

A handwritten signature in blue ink that reads "Tara Buckley". The signature is written in a cursive style with a large initial "T" and a long horizontal flourish extending to the right.

Tara Buckley
Director General