



**LOCAL SHOPS - LOCAL COMMUNITIES**

### **Submission by RGDATA to the Low Pay Commission**

**The Retail Grocery Dairy & Allied Trades Association is the representative association for independent family owned grocery/convenience shops and supermarkets.**

**The independent grocery sector is a significant employer providing circa 80,000 jobs in towns and villages all over Ireland.**

**The jobs provided by local independent grocery/convenience shops and supermarkets include a combination of full time positions, part-time jobs and first jobs to people who want to work limited hours to suit parental commitments or studying.**

**The average hourly wage paid by local independent shops is well above the National Minimum Wage.**

**RGDATA would like to make the following points to the Low Pay Commission**

- **Independent grocery shop owners continue to face extremely challenging circumstances. Grocery/convenience shopping habits have been transformed by new formats and online shopping options. This is having a significant impact on sales. Food prices are falling and there have been drastic reductions in margins in independent grocery/convenience stores. Local shop owners in many towns and villages continue to struggle to keep their staff in jobs and their shops open.**
- **The volume of food/grocery sales is starting to show an increase but the value is still falling. The CSO figures for March 2015 show that food prices were 2.7% lower year on year. When the Motor trade figures are excluded Retail Sales figures show that volumes increased by 4.8% but value only increased by 0.7%.**
- **Today the biggest competitor for a typical town centre independent supermarket employing 50 – 120 full and part-time staff is an out of town or edge of town Discount Supermarket employing 12-15 people. Any increases in hourly wage rates therefore have a much more significant impact on the local indigenous small and medium sized employer.**
- **Independent shop owners have to manage their costs extremely efficiently to compete for the weekly food shop, to keep their staff in jobs and ensure the survival of their business. Generally independent grocers dedicate about 10 – 12% of turnover to staff costs. Unjustified wage**

increases will mean fewer hours for existing staff, fewer jobs and more shop closures.

- In the current circumstances any increase in national wage rates is a significant concern for these local employers as it creates an expectation that all wage levels will rise by the same amount. So a 50cent increase in the Minimum Wage could cost a typical independent supermarket generating 2,000 hours employment per week an additional €52,000 in wages annually. If the shop sales and turnover are not increasing then the owner does not have an additional €52,000.
- The Low Pay Commission must display total transparency in all its deliberations and must ensure that it consults with all sectors and all employers, urban and rural, SMEs and small local businesses.
- RGDATA notes that any decisions of the Commission will be based on “empirically based evidence”. This is of vital importance and all the evidence considered should be published.
- The criteria that the Commission bases its decisions on should have regard to all of the factors impacting on employment. These include competitiveness factors, average hourly rates set in comparable sectors in Ireland’s main trading partners, employment and unemployment rates, etc.

Given the current and ongoing challenging conditions for independent shops RGDATA members are extremely concerned about wage increases at this time.

RGDATA is available to meet with the Commission if it requires any further information from the independent retail grocery sector.

**Tara Buckley**  
**Director General**  
**RGDATA**