

Labour's Plan for Retail and SMEs



Labour

One Ireland
jobs, reform, fairness

Retail and Small Businesses Labour Policies for Growth and Jobs

Removing Obstacles, Promoting Innovation

Labour is the party of jobs and growth. Supporting, facilitating and encouraging growth, more jobs, more profits and the healthier public revenues they generate. Fixing our schools, developing clean transport systems, building the infrastructure of the future all depend on rekindling confidence and boosting growth in our economy.

Growth is about much more than major investments by large firms, be they Irish or multinational. 230,000 Small and Medium-sized Enterprises (SMEs) trade, innovate, export, sustain and create jobs every day of the week. Half the country's employed labour force, or some 900,000 people work in these SMEs - almost 250,000 of them employed in the retail sector. SMEs currently contribute in the order of €10 billion to the Exchequer every year. They offer everything from services to local communities to niche exports into highly competitive markets.

Labour has a proud record of engagement with SMEs and has proposed legislation – the Financial Emergency Measures in the Public Interest (Reviews of Commercial Rents) Bill, the Local Government (Rates) (Amendment) Bill, Land and Conveyancing Law Reform (Review of rent in Certain Cases) (Amendment) bill – to address some of their more urgent needs. The Labour party will support SMEs with policies designed to deal with those challenges which limit entrepreneurship, including restricted access to finance, high costs, overly complicated bureaucracy and out-of-date bankruptcy provisions.

This policy document sets out a number of specific proposals to support SMEs and to create more favourable conditions for businesses and their employees, focusing on:

- Cutting overheads
- Supporting upskilling and education
- Supporting strategic growth areas

Removing Obstacles to Growth

Labour will reduce many of the obstacles SMEs face by:

- Establishing a Strategic Investment Bank which will invest in infrastructure and increase access to finance for strategic sectors.
- Focussing banking policy on ensuring an adequate supply of capital for SMEs, including a working capital guarantee scheme, and greater access to venture capital through Labour's strategic investment bank.
- Driving down costs and overheads to help viable businesses survive the downturn by maintaining competitiveness, structural reform in the professions to drive down the cost base for the trade sector, and enhancing the quality and effectiveness of utilities regulation in Ireland.
- Creating a €500m Jobs Fund which will support business plans that will generate employment in key strategic sectors.
- Legislating to end the practice of "upward only" rent reviews along the lines of its Land and Conveyancing Law Reform (Review of rent in Certain Cases) (Amendment) Bill.
- Introducing a PRSI exemption scheme that would exempt employers from paying employer's PRSI for 18 months, where they employ a person who has been unemployed for more than 6 months, and where they clearly demonstrate that they are creating a new job.
- Revising bankruptcy legislation in line with the 2010 Law Reform Commission Report.
- Undertaking comprehensive public sector reform including a "citizen-centred" approach where form-filling will be streamlined and websites, telephone services and public offices will be reconfigured to facilitate access by users.
- Seeking reform of EU procurement rules so that a greater portion of all public procurement goes to Small and Medium sized enterprises.

- Facilitating phased retirement for older people who wish to remain economically active – of particular importance in small family businesses.
- Promoting a greater appreciation of the co-operative system as an enterprise model to meet vital social, business and environmental needs.

Cutting Overheads – Facing Retail Realities

The Fianna Fáil-generated property bubble and consequent banking disaster has hit the retail sector particularly hard in two main ways.

Firstly many people have had to cut back severely on their regular purchases. The overall absence of leadership and ‘drift’ in government policy have further sapped consumer confidence. The credit squeeze has obliged many to abandon or postpone planned purchases while retail businesses find it harder and harder to access working capital from a broken banking system.

Secondly, many retailers find themselves trapped in commercial leases with Upward Only Rent Review clauses (UORR). Ireland is unique amongst Eurozone countries in having such leases. Most of these leases for retail outlets were signed during the Celtic Tiger boom years with its astronomical property valuations.

These factors have contributed to the loss of 37,000 jobs in the retail sector over the past two years. Industry associations now warn that a further 30,000 jobs are at risk.

Timid action by the Fianna Fáil government abolished Upward Only Rent Review clauses in leases signed after March 1, 2010. This inadequate measure has only made things worse as it creates a two-tier retail reality where some shops are trapped in their older and more expensive leases, while those who have signed leases since March 2010 are free to negotiate reductions in their rents.

Labour has already proposed the abolition of Upward Only Rent Review clauses with its 2010) Land and Conveyancing Law Reform (Review of rent in Certain Cases) (Amendment) Bill (appended).

Labour will support the retail sector by

- Abolishing Upward Only Rent Review clauses in existing leases as it has proposed in 2009 and 2010.
- Appointing a Commercial Rents Ombudsman with the power to adjudicate on commercial rent levels which threaten the survival of otherwise valid businesses. The creation of such an Ombudsman would provide a cheaper,

faster, and much more flexible process than that currently available through the appointment of an Examiner.

- Reforming the Joint Labour Committees (JLC) structure that dates from the 1940s, a time when employee rights and general labour law were much less developed.
- Appointing independent chairpersons to the Joint Labour Committees as an urgent first step in this reform process.
- Addressing the question of commercial rates within the context of local government reform.
- Encouraging local authorities, as an important interim measure, to introduce differentiated, time-limited rates to facilitate new business start-ups as provided for in Labour's Local Government (Rates) (Amendment) Bill 2009 (appended).
- Retaining the existing Retail Planning Guidelines and maintaining the retail planning cap.
- Rolling out next generation broadband through a national cooperative company, NetCo, along the lines of the Dutch and Swiss models to provide businesses with broadband speeds of at least 100 Mpb/s. This will facilitate the integration of SMEs into the global marketplace.

Upskilling, Training, Education and Employment

Acquiring new skills and updating existing ones is fundamental to the success of Ireland and its businesses. Small and Medium-sized Enterprises are particularly dependent on external support in this area as, unlike larger businesses, they often lack the necessary scale to organise their own training and upskilling programmes.

Labour will act to assist those in work and those seeking work by encouraging and supporting SMEs to hire new staff and improve the skill sets of current employees by

- Funding 60,000 new training, education and internship places, to help people who are currently unemployed to develop their skills and for new job opportunities.
- Providing 30,000 additional training places across the training and education systems in line with the recommendations of the Expert Group on Future Skills Needs
- Establishing 'Bridge the Gap' graduate and apprentice work placement scheme where a web-based broker will connect candidates and employers for six-month internships.
- Creating an 'Earn and Learn' scheme to allow people on 'short time' working to combine a shorter working week with training or education opportunities.
- Making literacy and basic workplace skills a national priority and incorporating literacy training into the wider further education and training systems.

Growing SME Trade - Strategic Growth Sectors

We need to concentrate our energies and our scarce resources on boosting growth in key strategic areas of economic activity. These areas are of key importance to all businesses but can offer particular opportunities to Small and Medium-sized Enterprises (SMEs). These strategic economic sectors include Cleantech, Information and Communication Technologies, Food, Tourism and Retail.

Labour's key proposals include:

Green Jobs

- Establishment of a renewable manufacturing hub which would position Ireland as a centre of excellence in the global carbon market
- Introduction of a major national insulation/retrofit scheme. This would be paid for through a 'pay as you save' mechanism in the household's energy bill(s). This will create at least 30,000 direct jobs in the construction sector, for energy services companies, for plumbers, architects, engineers, etc.
- Facilitation of the development of energy co-operatives to make it easier for small-scale renewable energy providers to contribute to our national renewables target.

Cleantech

- Development of an International Content Services Centre to make Ireland a world leader in the management of intellectual property;
- Marketing of Ireland as a headquarters for EMEA (Europe-Middle East-Africa) internet service companies and creating the conditions to attract more international data centres.
- Promotion of cloud computing through the Innovation Strategy Agency and review broadband pricing and policies to ensure any obstacles are removed

Food

- Building pilot plant kitchens that are compliant with environmental health requirements to allow food producers to develop and manufacture food products on a small scale.
- Working with Bord Bia to develop local food brands, into which local producers could slot, without the expense of developing their own brand.
- Securing a better deal for producers by putting the current voluntary code providing for greater transparency in the food supply chain on a statutory footing.

Tourism

- Normalising the hotel and accommodation sector of the tourist industry by requiring NAMA to conduct an independent review of the sector to lay the basis for which hotels it should continue to support.
- Marketing of Ireland in emerging markets (e.g. China, Eastern Europe, Middle East) and investing more in Ecotourism and Event Tourism.
- Developing niche tourism sub-sectors such as golf tourism, surf tourism, food and gourmet tourism, all supported by web-based marketing and sales tools.

Promoting Innovation

Innovation is the key to sustained growth in Irish SMEs. This need for innovation is further strengthened by shifting economic global realities. China has just overtaken Japan to become the world's second largest economy. Its fellow BRIC (Brazil, Russia, India, China) economies now account for over 40% of our planet's GDP. Economic commentators have now coined the "Next Eleven" term - eleven countries well on their way to becoming significant economic players. This group includes countries such as Bangladesh, Indonesia, Mexico, the Philippines, South Korea, Turkey, and Vietnam.

This pace and spread of economic development creates significant new markets for Irish businesses, and multiple niche opportunities for SMEs in particular. Irish SMEs have a brilliant track record of innovation in the food sector and the growth potential here is significant since the world's population is now almost 7 billion and forecast to hit 9 billion by 2050. In 1960 the global population stood at 3 billion.

Labour will promote innovation by:

- Establishing an Innovation Strategy Agency within IDA/Enterprise Ireland which will promote investment in R&D and advise Government on how to remove barriers to innovation
- Increasing representation and growth in new markets, notably in the BRIC and other emerging markets, including the establishment of a Trade Council and more local trade and investment teams.
- Providing tax incentives for Research and Development, especially in key sectors such as ICT, life sciences, clean technology, food and beverage, and human genome research. Participation in human genome research and development will be considered.
- Simplifying and increasing awareness of the patent process and removing obstacles to its efficacy (e.g. increased resources to protect a patent upon infringement).
- Establish a network of Technology Research Centres.