Northern Ireland
Assembly

COMMITTEE FOR
FINANCE AND PERSONNEL

OFFICIAL REPORT
(Hansard)

Large Retail Levy and Small Business Rates Relief Scheme

16 November 2011

NORTHERN IRELAND ASSEMBLY

COMMITTEE FOR
FINANCE AND PERSONNEL

Large Retail Levy and Small Business Rates Relief Scheme

16 November 2011

Members present for all or part of the proceedings:
Mr Conor Murphy (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Mr David Hilditch
Mr William Humphrey
Mr Paul Maskey
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr David Hunter	)	Larne Traders' Forum
Mr Patrick Cassidy	)	Northern Ireland Independent Retail Trade Association
Mr Glyn Roberts	)	
Mr Derek McCallan	)	Northern Ireland Local Government Association
Ms Karine McGuckin	)	
Mr Colin Neill	)	Pubs of Ulster

The Chairperson:

I welcome Glyn Roberts, chief executive of NIIRTA (Northern Ireland Independent Retail Trade Association); Colin Neill, chief executive of Pubs of Ulster; David Hunter from the Larne

Traders' Forum; and Patrick Cassidy who is a member of NIIRTA. You are very welcome. You will know that we have taken evidence sessions on this proposition from the Department of Finance and Personnel (DFP) from those who are in favour of it and from the large retail sector, which, by and large, is opposed to it. The Committee will be preparing its response next month, and I am led to believe that the Minister of Finance and Personnel intends to take a policy position to the Executive before Christmas. However, we must deal with our part. I invite you to make some opening remarks, and we will then open it up for questions.

Mr Glyn Roberts (Northern Ireland Independent Retail Trade Association): Thank you very much, Chairman and Committee members, for this opportunity to present to you. We will make brief opening statements from our various perspectives. The four organisations that are represented here belong to a much wider coalition of some 31 business organisations that make up the fair rates for small traders campaign. I see that you have copies of the five-point plan that we launched two days ago with the Finance Minister. I want to give the context in which we preface our remarks.

In Northern Ireland, 82% of retailers employ fewer than 10 employees. The independent retail sector makes up the largest subsection of our small business sector, and members will be aware that small business makes up 98% of all business in Northern Ireland. According to figures from the Department of Enterprise, Trade and Investment (DETI), in 2009, some 600 shops closed their doors, and we estimate that that figure has more than doubled in 2010-11.

Northern Ireland also has the highest rate of shop vacancies in town and city centres in the UK. Not a day goes by without a member, independent retailer or small business closing its doors. Although we have never said that the small business rates relief scheme is a silver bullet, it is nevertheless an important step in addressing the cost base, and the very survival, of our small business and independent retail sectors. We have always said that. The Programme for Government, which the Assembly will discuss tomorrow, is also important.

There is a whole range of other things that we can do. Although this is a necessary and important step, we have not simply said that we support it and left it at that, although, obviously, we do support it. In our five-point plan, we put forward other ideas through which the scheme might be funded. We look at a stand-alone levy on out-of-town car parks. We have also indicated that we support the Scottish option, although it would need considerable tweaking before it could be implemented in Northern Ireland. We have urged the Department to bring forward the revaluation. In the context of revaluation, we want parity between town centre and out-of-town rates, as it could considerably increase the rates take to fund the extension of the small business rates relief scheme.

Even under the current scheme, many large retailers would have faced such an increase anyway, with the revaluation that has been postponed. It is a temporary measure for three years, which, as the Minister rightly says, will bring us more or less to the next revaluation. Moreover, many of the big retailers pay less per square foot in rates than many of our members in town centres. Their rates bill does not reflect their free car parking.

Several issues need to be addressed in that regard. It is not about putting the boot into large retailers. It is about a level playing field for rates and ensuring that rates are fair for large and small retailers. My colleagues will go into greater detail from their various perspectives. Colin Neill, representing the pub trade, will give a specific example in Larne. Patrick will go into detail about how he will use the saving in the scheme to benefit his business.

In our five-point plan, we went further. We put on record the need to address the issue of vacant properties. A landlord who has a vacant property is subject to 50% rates. We have put forward the idea that in order to address the high number of shop vacancies, any new business or retailer that takes up a vacant unit should pay the 50% rates only for the first year. That would help them with their first-year costs, and as Committee members are aware, the first year for a small business, or for any business, is a critical time. I think that the Department of Finance and Personnel is looking seriously at that proposal. It would address some of our vacancy problems, as well as stimulating economic growth in the retail sector.

We also want to see the introduction of green rates. All our organisations are keen supporters of the green new deal. If you build a house and put in energy-efficiency measures, you get help with your rates. Likewise, if a business or a retailer makes such changes to its store or business, it should get help with its rates.

We have put forward various ideas. Yes, we support what is on offer from the Finance Minister, but we are open-minded to other ways in which we can raise money to fund the small business rates relief scheme. Some 31 business organisations support the scheme and they are open-minded to other ways of raising funds to extend it. As members may be aware, most submissions to the consultation supported the extension of the small business rates relief scheme. Thirty-one submissions supported what was on offer; others outlined alternative ways of funding it. Therefore, we remain open-minded: if there are other ways of funding the scheme, we are open to them. The consensus is that it is necessary to extend the small business rates relief scheme to help a sector that is going through absolute turmoil.

Members will be familiar with the House of Commons debate on fuel costs. That hike kicks in in January, and rising insurance costs and the electricity cost hike of 19% or 20% will affect small business and independent retailers. Unless Christmas is very good, January and February will probably be the worst two months that our small business sector has ever faced. If Christmas goes wrong and we do not start to address the problem, the first quarter of 2012 will be very demanding for our small business sector.

The big traders have, frankly, done a great deal of scaremongering but have rarely put forward alternatives. We are putting forward alternatives and saying that there are several ways of doing this. However, the central problem remains: how do we help our small business sector and our independent retail sector to survive and to be at the cutting edge of recovery?

Mr Colin Neill (Pubs of Ulster):

Pubs of Ulster is the industry body for the licensed trade in Northern Ireland, and although we are branded as Pubs of Ulster, our membership is made up of pubs, restaurants and hotels and is spread right across the hospitality sector. Our industry employs some 35,000 people and we put £1 billion into the Northern Ireland economy. That money stays in the Northern Ireland economy. We are not part of multinational groups, so that money is not exported.

We are a key industry, and although I respect that some people may not wish to frequent licensed premises that serve alcohol, the pub industry is key to our tourism and our culture and has been around for an awful long time. Most pubs are owned by families who have passed them down through the generations. We run a very responsible industry and provide a great deal of employment, particularly in rural areas that do not have a mobile workforce.

Proportionally, we pay higher rates than anybody else. Ours is the only business rate based on turnover. Therefore we pay, on average, 30% more rates than any other commercial body that uses the same building, and to be honest, that has evolved into a social levy because we sell alcohol. We now sell only about 25% of the alcohol in the Province. The multinational supermarkets sell the majority. However, they pay the standard, out-of-town commercial rate.

The British Retail Consortium, under its name of the Northern Ireland Retail Consortium, took a swipe at us in the press by saying that the only people to benefit will be boozers, bookies and banks. I am not here to argue on behalf of the bookies and the banks, but boozers — I do not particularly like the term — are equally justified to benefit from the rates relief. We are small businesses that are spread right across the Province and we are often at the heart of small communities. It is where people meet and where cohesion comes from. In a village that I live close to, church groups use the pub and people who move into the area go there to meet the locals and to become part of the community.

We are the cornerstone of the tourism industry: 80% of all tourists visit a pub and 70% eat in one. 'The Lonely Planet' guide lists us as the number one thing to do when visiting the Province. You can have all the hotel rooms in the Province that you like but nobody comes here to visit a supermarket or an out-of-town development. We are part of the fabric. The future of our economy is tourism, in which we are now the highest grossing sector. However, we are under threat.

We survey the whole industry every year and, at the moment, 120 pubs are telling us that they are about to close; another 200 say that they are for sale if only they could be sold; 34% have paid off staff; more than 60% have reduced staff hours; and another 52% say that they are about to reduce staff hours. We are struggling to survive, and although the small business rates relief scheme will not be the silver bullet, it is vital to many of our premises. I think that it would bring in about 270 pubs.

That point is important. These are not the fancy, glitzy bars that you see in Belfast city centre. These are rural pubs and pubs in town centres that are part of the community. It is important that we do all that we can to help them to survive because of the employment and other benefits to our economy and the fact that they are already paying substantial rates. Despite getting small business rates relief, we pay proportionately more than an out-of-town superstore that sells alcohol.

Pubs are closing daily. I am sure that members have all seen that in their constituencies and in headlines in the local papers. Unfortunately, I spend a great deal of my time with the press discussing those closures when I would rather see the pubs move forward.

Anecdotally speaking, I have not seen any major supermarkets close because of the recession. We have issues with how supermarkets trade alcohol but this is not about their selling alcohol. It is, as Glyn said, about their benefiting from the fact that there has been no rates revaluation. That has resulted in our suffering because considering how trade is going and the fact that our rates are based on turnover, we would have seen them go down. However, that will not happen until 2012, and this measure will help us to survive until then.

I commend the Committee and the Minister for being visionary in looking at this. It is a brilliant example of how the Assembly can work. I appeal to the Committee to endorse the scheme.

Mr David Hunter (Larne Traders' Forum):
Thank you, Chairman and members. I want to talk about my region of Larne but I will first touch on some of the figures that Glyn mentioned. Skillsmart, which researches figures on behalf of the Department for Employment and Learning, estimates that 6,635 retail businesses were active in Northern Ireland in 2010, and of those, 82% employed fewer than 10 persons. That accounts for a massive percentage of the 75,000 jobs that are directly linked to retail in Northern Ireland. Those people are employed by small businesses.

The small business community — and we are a community — sometimes feels that the big brand names are listened to more closely when they make a noise. Closer attention is paid to them than to small businesses, but it is amazing to think that 75,000 people are directly employed in retail. That figure can be increased for independent retailers, although I am not sure by how much. Consider the people who are indirectly involved in local retailing: local retailers generally purchase their materials in Northern Ireland, they purchase the produce that they sell in Northern Ireland and they employ local people to carry out their marketing or legal affairs, all of which creates secondary employment through retail.

I will simplistically describe how changes to rates affect small retailers more than larger retailers. Every small business works off a small triangle of purchases, sales and overheads.

Sales are down at the moment. We are in very hard times because people's disposable income is not what it was, so, generally speaking, sales are down in small businesses. Everything that we bring into a small business has increased in value because the cost of fuel, raw materials and labour has gone up. The value of everything that we bring into our business for resale has increased. Sales are down, purchases have increased and overheads are increasing for the same reasons. Heating and electricity bills are up and the minimum wage continues to rise. All that means that the "p" for profit in the middle of that triangle is being squeezed at every corner.

The same cannot be said for the large stores that make such a song and dance about this proposed change in the rates relief scheme. They put pressure on their suppliers to supply at the same rate and they can withdraw their offer to buy from them. Independent retailers cannot do that. Even from that perspective, it is not a level playing field.

I carried out a survey on what we regard as our main street in Larne, and to keep the mathematics simple for myself, I found that the ratio was 1:100. In the previous rates relief scheme, 28 businesses could have benefited from the £5,000 threshold. If, as envisaged by this proposal, that threshold is increased to £10,000, it will mean that 55 businesses out of 100 can benefit. As others said today, it will not be a lifesaver but it will be another method of protecting the existing 75,000 jobs. I also contest that when people talk about the creation of jobs and threaten to remove certain elements of investment, the issue is about displacement, which is another argument. However, the important point is that the Executive should look at protecting the 75,000 existing jobs.

Colin referred to tourism. I remember that when Bill Clinton spoke on the steps of the Guildhall in Derry, he said that Northern Ireland had not even begun to tap into its tourism potential. From what I see on the coast road at Larne and the Antrim coast road, it seems that we are not extracting money from people’s pockets. It is OK to say that the number of tourists is up, but the glens of Antrim, beautiful as they are, are a free attraction. You drive your car up there and benefit from the glens whether you pay money or not. If Northern Ireland is to tap into that tourism potential, we in this Province must work out how to take that money out of tourists’ pockets and put it into our economy. Small towns play a vital role in that because nobody will come to Northern Ireland to visit the same three square boxes that have the same products as exist in their home town at the same price. It will not happen. Therefore, we must protect our town centres and our independent retailers.

Mr Patrick Cassidy (Northern Ireland Independent Retail Trade Association):
My name is Patrick Cassidy. I am associated with NIIRTA and I am an independent business retailer. I will give you a bit of my background. Ours has been a family business for approximately 110 years. My great-grandfather started off with a pub in Belfast and my grandfather made boots for the GIs during the Second World War. We have been in retail, dentistry and a lot of other businesses. I firmly believe that the words on everybody's lips at the minute are "the economy". I strongly believe that the survival of small to medium-sized businesses is hugely important. A rates reduction would be a massive help for small businesses, as it would help them to survive and to move forward.

Collectively, there is a weight of responsibility on everybody's shoulders, including everybody in this room, to sit and take note. One in six small businesses in Northern Ireland is now closed. There is the potential for 300 pubs in Northern Ireland to close and some are going through that process. Basically, there is a corrosion of a way of life, and it is a work in progress. We have to stand up to protect our communities, pubs and businesses. I am asking everyone here to listen to what we are saying. In the months and years ahead, there will, as George Osborne said, be a war on the economy. I am sorry for my introduction being so short, but that is basically what I have to say today.

The Chairperson:
Thank you very much. Before I open up the meeting to members, I have a couple of questions to ask. One of the propositions in your five-point plan relates to a levy on the large free car parks. Broadly speaking, the Committee and, it seems, the Executive and the Minister have been sympathetic in principle in trying to find some mechanism whereby greater relief can be given to small businesses to try to keep them and town centres sustained. I can safely say that all of us here recognise your arguments about the attraction of town centres and the importance of small indigenous businesses. However, the issue is finding a correct mechanism to achieve that outcome. One of your suggestions is to have a rate on out-of-town car parks. Part of the difficulty with some of the options that we have been exploring and discussing is that we are running up against the state aid issue. Have you tested your suggestion against that?

I have another point to make. Some of the figures that we have received show that if the scheme were carried out in the way in which it is intended, you would, on average, be talking about £700 a year for a small business. However, we do not have a clear sense from the Minister or the Department as to how they intend to approach this matter following the consultation.

I would love to think that that is the difference between somebody closing and staying open but, in this climate, I am not so sure whether that would make a huge difference to small businesses. Would that money be reinvested or would it simply be used to pay one or two bills? People have said that that could be the difference between somebody staying open or not staying open. I find it hard to get that sense from that. I appreciate your saying that this is not a silver bullet but if that is the amount that we are talking about, it seems to be a very small bullet in keeping businesses open.

Mr Roberts:

In discussions that we had with DFP officials about the levy on car parks, they indicated that it might be possible to introduce a special levy that is separate from that. Therefore, that is doable. The issue with a lot of the alternatives that are being put forward is whether we can get this through by April 2012, given that the legislation will be progressed by accelerated passage. I am sure that members would agree that that is not the most ideal way to pass legislation. However, given how important the first quarter of 2012 will be to the survival of many small businesses and independent retailers, and given that this will, hopefully, be through as an automatic discount in their bills in April 2012, it is crucial that we get that levy through. We have to look at what can be done in the meantime. If all that can be done is what is on offer, obviously we will support that, and that will be a positive thing.

In the grand scheme of things, £700 may be seen as a small amount. However, it is a step in the right direction in helping businesses with their bills. I outlined all the increased costs that businesses have had to endure and that they will continue to endure, given that the fuel levy increase will happen in January. Therefore, they will have to factor that in as well.

Emma Dunn is a new start retailer on the Belmont Road in east Belfast. When we were doing our launch the other day, she made this point to the media:

> "As a new start small business I strongly welcome this scheme as I hope to use the saving from the rate reduction to employ another member of staff."

She made the point that if even half the 9,000 small businesses that qualify for the scheme could take on one more staff member, whether on a part-time or full-time basis, that would be a step forward.

What is good for small businesses is good for this economy because this is a small-business economy. A rates reduction is not the only thing that we need to do. We will be looking very closely at what is in the Programme for Government if it is published tomorrow. There is a whole host of other things that we need alongside the rates reduction, such as getting planning right and getting a real joined-up approach to our town centres. There is a whole range of things that we need to address, including the skills deficit, investment in infrastructure, and the red tape and bureaucracy agenda. However, this is a small step in the right direction. It is the bare minimum that the Assembly should be doing on rates because, after all, dealing with rates is the only taxation power that the Assembly has. We should be looking at how we can create a level playing field for small and large retailers and for small and large business.

Bluntly, the wolf is at the door of our small business sector. It is not at the door of Tesco and ASDA and those other big retailers. That is the blunt reality. I notice that two members from South Antrim are here. A very prominent retailer in Ballyclare is due to close its doors in the next week. It has been there for 40 years. I do not want to see any more such shops being closed in that way. That business is laying off 30 staff a few weeks before Christmas. I do not want to be in a position to see any more businesses like that. So, this is the bare minimum that the Assembly should be doing.

Mr D Bradley:

Good morning, gentlemen. During Question Time a couple of weeks ago, I asked the Minister about the further efforts that we could make to help small businesses. He pointed out that the freeze in the regional rate was also supportive of small businesses. He also referred to the fact that the Department for Social Development is bringing forward legislation for business improvement districts (BID). How much of a benefit will business improvement districts be to small retailers?

Mr Neill:

Chair, I will answer that, although not so much from the point of view of the pub industry. My background is town centre regeneration and I worked in town centre management for 10 years in Belfast and Ballymena. I think that the business improvement district model will be very useful and will bring benefits. It is based around the business community buying in and paying in. It is not about a free ride for anyone, and I think that that is vital. When you get that model together, you can put a coherent plan in place and deliver on it.

The existing model of town centre management very much stumbles from year to year, and it is a question of whether you can get funding, who you can get it from and what you can do with it. The business improvement district model is presented on a three- or five-year business plan. You raise your funds and votes against that plan and if you get the vote, you deliver on the plan and you know that you have the money to do so. It means that you can even mortgage yourself to go forward with that. The model allows you to do things that local authority rules do not. So, I think that it will be crucial, as it gives the power to the partnership.

Mr D Bradley:

From reading some of the papers on the other side of the argument, I noticed that they are saying that the business improvement district approach is more beneficial than the approach that the Minister of Finance and Personnel is taking. As the Chair pointed out, the savings to small businesses are quite insignificant, so they support a BID approach.

Mr Hunter:

The argument to counter that is that it is only those towns that buy in to the BID process that will be able to avail themselves of the benefits. A large number are still very sceptical about the BID process. However, I agree with Colin that it will be of huge benefit to town centres, but the difference between it and the rates relief scheme is that the rates relief scheme will affect every business below a certain threshold. Just before you came in, I touched on the fact that 29 businesses from numbers 1 to 100 on Larne Main Street benefit from it and I said that the scheme will increase that number to 56. The rates relief scheme will affect more businesses more quickly because if it is introduced, we can reach out and touch that money next year, which is when it will be needed. The business improvement district model would, perhaps, be useful in the medium term but it is not any use to us, as retailers, in the short term.

Mr Humphrey:

Good morning and thanks for your presentation. I am sympathetic to your case. I declare an interest as a member of Belfast City Council and a former chair of the development committee there. I am aware of the figures that you quoted for employment in the tourism and hospitality sector in Belfast. In the region of 15,000 people are employed in tourism and hospitality in

Belfast and, at times, it has been a long haul to get people to recognise how important tourism is, how fast the sector is growing and how significant it is to the Northern Ireland economy. We have reach there and it is vital to the economy.

I will make a helpful suggestion. You are losing the PR battle to the large retailers. This relates to Mr Bradley's point. Tesco, for example, can go to the media to talk about the numbers in the way that it does because it has hundreds of employees and millions of pounds of turnover. The Chair made the point that to an individual business in a town centre, a saving of £700 seems to be a small amount. However much an ordinary member of the public would like to have that £700 in their purse or wallet, it is a small figure in the context of the figures that those large companies are talking about. You need to get your case across, in the way that you have put it to the Committee, by lumping everything and its effects together, including the impact that it has on the people who you employ. I noted copious figures from what was being said; for example, I heard that pubs put £1 billion into the economy, and so on. Such information is vital in the PR battle. We have all had people from the large companies knocking our doors down and bringing PR people with them to get their case across.

I have two closely related questions to ask. Will you expand on the points that you made in response to Mr Bradley and outline what you see as the benefits of business improvement districts? Also, is a buy-in from city or town centre management or the local chamber of commerce needed for a city centre or town centre to opt in to that scheme?

Mr Roberts:

I will touch on the "PR battle", as you put it, and my colleague Colin will talk about the BID scheme.

Recently, we launched our five-point plan, and we will take the message from that out to every constituency. We are a coalition of some 31 business organisations, which are mainly the local chambers of commerce in all 18 constituencies. So, we will be working on that over the next few months.

The PR coverage is, in the main, about the multiples and some of it amounts to scaremongering. It is about issuing threats. That is not what we are about. We could sit back and just say that we support what is on offer and leave it at that. We are putting forward alternatives. My message to large multiple stores is that they should think again about those threats and scaremongering and they should put forward their alternatives. That is fine for those big multiples, which I will not name, but I have met a number of them and I have encouraged them to be more constructive by putting forward alternatives. That is what I would say.

It is not for me to speak for the Finance Minister but I think that the type of PR and approach that certain multiples have adopted with the Finance Minister has done their case more harm than good. We will emphasise that we are making a number of positive proposals and we are being constructive. We will take that message to literally every town and city in Northern Ireland through our colleagues in the various chambers. They will co-ordinate their efforts and will talk to local councils and MLAs to ensure that they get an impression of how much support exists.

My last point before handing over to Colin is that 31 business groups support this measure. That is more than the 27 who supported the car park charges campaign and it is larger, even, than the corporation tax campaign, which 23 business organisations supported. Nearly every city, town, village and sector is represented in our fair rates coalition. That emphasises the depth of support that is out there for it. All that I can say about the PR battle is that members should watch this space.

Mr Neill:

Some of the large stores and their organisations say that they support the business improvement districts scheme rather than this one. That is generally because most of them are out of town and would not be affected by business improvement districts. The probable exceptions to that are Belfast and parts of Derry/Londonderry. So, they are very pro that scheme because they can walk away from it at no cost.

I should say that although £750 on average does not sound like a lot, I have numerous members, and I mean hundreds, who take no wage from their premises at the minute. I have publicans who do other jobs during the day. I have one who is, thankfully, a builder and he is still working and has a labouring job during the day just to keep the family business going. So, £750 is a fortune to him. It really is —

Mr Humphrey:

I am not taking away from that but my point is that you need to bring all those £750 payments together to get the overall figure so that the picture matches the spin that other people are putting on it.

Mr Neill:

Yes. Again, Glyn touched on that spin, and, to go back to that, very large organisations have very big budgets. As an industry and a collective, we have been careful to try not just to go to the media and throw mud. I responded to the issue in the media only when they talked about “boozers, bookies and banks” in what I saw as a slur on the intent of the legislation.

The big benefit of business improvement districts is that most of our members will probably have been exposed to some degree of town centre management in their own towns. In its current form, town centre management in Northern Ireland is probably slightly weaker. Many operate in or are heavily influenced by councils, and the private sector has not bought in or paid in as it needs to so that it can move forward.

Town centre management also always runs on an annual approach of securing funding for this year and then deciding what can be done, whereas the key element of a business improvement district is that it allows you to plan ahead. Forgive me if I am perhaps teaching members about this but I will give you a quick tour of a BID. In a business improvement district, an area is decided on and a line is drawn around a street, two streets or a whole town or city centre. A collective of interested stakeholders is brought together to develop a business plan for that area to address what it is felt needs to be done and a vote is taken. Everyone who is eligible to be hit by the levy for the BID is entitled to vote and if you lose, you lose.

Looking at the history of business improvement districts across the world, it seems that the people involved have to have a track record of delivery. You cannot just decide to form a group today and have a BID. There must always have been a track record of town centre management and delivery that people can believe in and trust and buy into. When they buy in, everyone inside the area must pay the levy whether they vote for or against it. That, in itself, removes the historical freeloading approach.

People buy into normal town centre management. I was the town centre manager for Ballymena Borough Council, and we developed what we called a voluntary BID. We took the legislative model and secured significant funding from the private sector for a number of major initiatives. As a result, we were able to go to the council to have that funding matched pound for pound. However, there is a freeloading element and you find, unfortunately, that a lot of that tends to involve the multinationals, which say, “No, we do not have to pay it, so we will not”. The bottom line for those businesses is minimum spend, so it tends to have been the local independents that have paid into town centre management. However, I spent some time in Belfast and I know that the situation is slightly different there. The point is that the creation of business improvement districts allows the freeloaders to be brought in.

It is interesting to note that every business improvement district in England to date — I think that I am right in this — that has had a successful BID the first time has had a second successful BID. They have proved their worth and have maintained the majority vote to move forward. That ownership, the fact that private sector money is brought in and the fact that they can address the issues that councils cannot makes business improvement districts successful.

Mr Cree:
Colin, you mentioned that most of the businesses are in two large conurbations but the reality is that most of the small businesses are in rural areas or smaller towns.

Glyn, you mentioned the window scheme, of which Perry Street in Dungannon is an example. Will you develop that point and tell us how successful that has been? When this issue is resolved, there will still be the problem of vacant properties. Will you develop that point for us?

Mr Roberts:
Perry Street is a good example of a council thinking outside the box. Perry Street has almost been too successful, and the town centre manager in Dungannon has informed me that certain customers in a hostelry across the road have tried to walk into the painted shops.

Mr Humphrey:
Was that before or after they went to the hostelry?

Mr Roberts:
After, obviously. It is important to point out that Perry Street, although visually very attractive, is only a sticking plaster. There is no recipe like the real thing.

The important issue that we need to address is the 50% vacant property rate. If we can ensure that new businesses pay that 50% only for the first year, that will help them with their first-year costs, of which rates are obviously a very substantial part. However, we could probably go further than helping those businesses with their first-year costs and address the vacancy rate.

If any type of business takes up a vacancy, that will create business elsewhere. For example, if a solicitor's office opens in a town centre, the staff in that office will buy sandwiches at lunchtime, they may go for a drink in one of Colin's members' establishments on a Friday night and they may do a bit of shopping in some of my members' stores after work. It is important that we focus on the vacancies. We need to address the fact that Northern Ireland has the highest shop vacancy rate in the UK.

I understand that the Minister is looking very sympathetically at the proposal and it may even form part of the legislation that he brings to the Assembly. From DFP's point of view, it is essentially revenue neutral. We will gain in year 2 when that 50% rate ends and they go to full rates, so there is a benefit there. Perry Street is a good example, but we need to focus on getting the real thing into those stores. We want real shops rather than painted-on shops.

Mr Cree:
So, would you say that the real issue is increasing the footfall in all those areas?

Mr Roberts:
It is, and it is about getting businesses back into our town centres. Obviously, although retail is a crucial element of town centres, it is not the only thing that they need. We need a strong cafe culture, a strong night-time economy and a strong arts and culture scene. So, it is about creating the best possible shopping experience for the consumer.

I know that David also wants to talk about this, but the key challenge is to provide consumers with choice. If we are left with three big retailers selling all the same things, who is the worst off? It is the consumer because they will be left with little or no choice. Who are the other losers in that process? It is the farmers and suppliers because they will be beholden to two or three big retailers that can drop them at the drop of a hat, which will mean the end for their business.

The independent retail sector is a crucial route to market for many of our farmers and producers. I would like to think that the people whom I represent give farmers and producers a fair deal. So, it is about that broader contribution that independent retail makes to the wider concept of town centres. The Christmas market is one of the great examples of how Belfast has led the way. So, there are lots of really good ways in which town centres right across Northern Ireland can look at good ideas. It is about getting footfall into town centres, but we have to have vibrant businesses, retailers, pubs and restaurants in our town centres to attract people there.

Mr Hunter:
I do not believe that the window dressing is by any means for the medium or long term. It dresses a town up for tourists and visitors and certainly gives a better, aesthetically pleasing image, but I do not think that it is a long-term solution.

It brings in another question. We have to look at town centres here over the next 10 years and ask what they are to become. We are aware that the multinationals are already in place, and it is clear that retail is changing. I think that we have to be grown up about that as retailers, look at our towns and say that the idea of having every backstreet full of nice wee quaint shops is probably not going to work in the future. We want to encourage those people to come back on to the main street or thoroughfare, and we should protect an area and not lose the core town centre and the value that it gives to the local economy.

The Chair asked about the £700, and when I look at the pages indicating the various Land and Property Services rates valuations, I can see a page of valuations that say that only one retailer can benefit. However, I have another page on which it is indicated that everybody can benefit. For the retailers here, who do not themselves benefit directly, that means that a busy activity of mixed retail is created if those smaller shops are kept open and if that £700 and £1,000 makes a difference to their being in business. I believe that that is what we want to do. I honestly believe that, going forward, the Executive should look at what our town centres need to become because it is clear that they are changing and that we need to change.

Mr Hilditch:
As the acting chair of the Carrickfergus town centre regeneration steering group, I have a lot of sympathy with what is being said at the end of the table. Colin, you painted a fairly dark picture of what is in front of us, with potential closures and sales of properties. Previous legislation tried to assist and it probably opened up the licensed trade as a very user-friendly way to go. We must

have come from a very good place to where we are today. Historically, how have we got to where we are today? I know that you painted the picture forward, but there must have been a lot of loss even in getting us to where we are today.

Mr Neill:

There has been. My organisation has been around since 1872, and having dug through past minutes of meetings, I think that this is the most crucial time in its history for closures.

A number of things affect our industry. One has been the social change brought about by drinking at home. That has had an impact. We now sell about 25% of alcohol in the Province. The majority comes from supermarkets and is consumed at home. It has an impact. There is customer choice; we have no issue with that. However, we have a side issue about how alcohol is used as a footfall generator and sold so cheaply. Everyone who thinks alcohol thinks pub, so we pick up the blame for antisocial behaviour. Nowadays, most of the hassle comes from people arriving pre-fuelled. A pub will have its best people on the door to stop people getting in but if there is trouble outside, we get the blame. We feel that alcohol should not be used like a loss leader commodity. That has affected us.

There are many costs associated with running a pub. I do not take exception to our being the most regulated industry: we sell a controlled substance and we should be regulated. As an industry body, we are not looking for deregulation. The last thing that we want is the 24-hour sale of alcohol. We are heavily regulated in every form. Our rates are 30% higher than anyone else's, which is a big chunk of a small business's turnover. It is interesting to note that some 600 licensed premises are in rates arrears because of the difficulty in meeting that heavy bill.

Sky television charges are based on rates paid. A pub in Belfast will pay a colossal £2,000 a month to show Sky TV sport; a country pub will pay £500. Our legislation states that you can trade until 11.00 pm. However, to sell beyond 11.00 pm until 1.00 am, which is our maximum sale, you must provide substantial food until 12.30 am or have light entertainment. Historically, light entertainment has been offered because few people want to eat so late. To provide light entertainment, not only do you have to pay the band but you have to have an entertainment licence, which will cost somewhere between £5,000 and £7,000 a year. Then you have to pay a couple of hundred pounds to have a band play. If you are in a rural pub with 20 people, you cannot afford to have a band, so you lose those trading hours. Also, people often do not go out until late, which has impacted heavily.

There are costs for materials as well. The average cost of a pint of beer is £3. Most people think that if they can buy a can of lager for 50p, we are making £2·50. The first pound in a pint goes to the Government in duty and VAT, the second goes to the manufacturer, and the publican is left to run the business out of a pound. The average pub will do 60% in draught beer. It is our unique selling point because you cannot buy draught in a supermarket. It nets down to 3 pence profit to reinvest, so there are very tight margins.

Those are broadly the difficulties that we face. We are diversifying as much as we can. More than half the industry now does food, and that has moved us to a much wider sell. Some people might laugh at me when I say that no one goes to a pub for alcohol. If you want alcohol, you go to a supermarket, because our model is so much more expensive. You go to a pub for food, music, sport and to socialise and mix with people. That is our product and we are working very hard to raise quality and to appeal to people. It is an expensive night out. There are rates for 24 hours a day, so we have to try to be relevant during the day. Now, pubs do lunch, morning coffee and all sorts to diversify.

Although we diversify, it is still costly to compete. People think that we pay only rates and other taxes, but let us look at VAT. Of the £12 that you spend on a bottle of vodka in a supermarket, £2 will be VAT. By the time that we dispense it, it is four times that VAT revenue. Food bought raw is zero-rated. However, by the time that we cook it, we pay 20% fully to the Exchequer, whereas you normally pay VAT on the difference between what you buy food in at and what you sell it at. We pay a lot of heavy taxes along the way.

We generate much more than a large out-of-town retailer. We are talking to Departments about how we can reduce red tape as well as making sure that we stay within the controls on the alcohol side to reduce costs. However, it is about looking to take out £700 or £1,000. To a small publican, that may be a month's wages. That is what he is living off, so that is critical. If we can take £1,000 out here and £1,000 out there, you have a viable business.

Mr Hilditch:
There appears to be, if not a split, a difference emerging between the city and provincial areas. Last week, we heard arguments in favour of looking at the public health levy in Scotland as an

option. What are your thoughts on that?

Mr Roberts:

That is an option that could be looked into. In our view, it would apply only to the very large retailers that have a net asset value of £500,000 and retail in alcohol and tobacco — essentially, the big supermarkets. My colleague from Londonderry Chamber of Commerce made a similar point, so it is an option that could be considered. However, given all those options, we need to look at the time remaining to get this through by April 2012. If that option were viable in Northern Ireland, we would have no problem supporting it. It might be a good deal fairer to some of the bigger traders, such as B&Q, IKEA and the House of Fraser in Belfast city centre, which are taken in by this issue. To some degree, the rates levy is a blunt instrument, although there are all sorts of EU state-aid laws that mean that it has to be. Therefore, we need to see what can be done or what alterations are possible to get this over the line for April 2012. I repeat that the first quarter of 2012 will be a very tough time. It will probably be the toughest that our economy has ever faced, particularly for our small, independent retail sector.

Mr Cassidy:

I will pose a question to every member sitting at the table: what are your views on retailing in Northern Ireland for the forthcoming years? You do not have to give me a collective or an individual answer. My vision of retailing in Northern Ireland is a working together of multinationals and independent businesses. The four or five political parties in the Stormont Government work well together. As someone who grew up in Northern Ireland, I am immensely proud of what the Government have achieved, considering our past. If one party ruled in the Stormont Government, it would not work. Parties have to come together, and that analogy can be used for retailing in Northern Ireland: the multiples must work hand in hand with independent businesses. That is very important.

You have a background in business, so you must understand the importance of independent businesses and their contribution towards the well-being of a community. They are the fabric of our communities. People congregate round businesses and support them. They are important to every town in Northern Ireland. I ask you to consider favourably what we are saying here today.

The Chairperson:

We have three further questioners. I do not wish to rush anyone, but we are already 15 minutes over time.

Mrs Cochrane:

Thank you for your presentation. Many of the points that I wanted to raise have been dealt with. One of the key issues was bids, and we are still waiting for an update from the Department for Social Development on the progress of that issue. You said that you were supportive of town and city centres. By its nature, the proposal as it stands will hit Belfast city centre and some of its anchor tenants. Moreover, this is not a level playing field between large and small retailers. It will hit large retailers but it will affect every business. It bothers people that you are singling out one sector in order to assist small businesses.

I want to pick up on something that Glyn said about how the revaluation needs to happen quickly if the levy is to be in place by April 2012. Last week, I said that although I support expanding the small business rates relief scheme, it needs to be funded fairly. If it is to go through accelerated passage, it may be more acceptable if it is seen to be fair. We asked departmental officials last week about other options, as they seem to have dismissed them without looking at them in any detail. Have you looked at figures? For instance, if you included the banks and utility companies, would the money that is brought in from that reduce the 20% levy to 18%? Instead of its being quite so blunt, you could raise rates for properties over £400,000 by 10% and those over £500,000 by 15%. If that were done, it might become a bit more acceptable. Have you considered that?

Mr Roberts:

In relation to Belfast, if we adopted the Scottish option or a rate on out-of-town free car parks, that would exempt pretty much all the big stores. The car park at House of Fraser in Victoria Square is not free; CastleCourt is the same. We are acutely aware that that is an issue.

We are very open-minded about other ways of funding it or of tweaking or adjusting it. We make it clear in our five-point plan that we are open to other options. Again, it goes back to what can be done in the short time frame —

Mrs Cochrane:

Surely some of those figures could be looked at in quite a short time.

Mr Roberts:

Absolutely. Those are questions that the Department has to answer. We remain open-minded. I think that the consensus is that the extension to the small business rates relief scheme will not be funded out of the public purse or the Executive Budget; it has to be raised outside that. Finding the fairest way is crucial. If there are other means of funding, we would be very happy. Some good ideas were put forward during the consultation, and we are very open to those. My organisation launched an alternative programme for government last year. We are open to other suggestions. However, it goes back to what can be done in the time remaining. That is our proviso.

Mr Neill:

Probably everyone will have businesses that they do not want in the legislation and businesses that they do. I accept that if you take the British Retail Consortium trying to stir it up with “boozers, banks and bookies”, there are people who would probably not want to see pubs, betting shops and banks. It is about coming up with legislation that stands up robustly, can be challenged in Europe and is seen as fair and effective. It is a short-term measure. People say that it is unfair that large stores are being hit. However, without the rates revaluation, it was due. Small businesses have been subsidising their rates for some time. We are just redressing that in the short term.

Mr P Maskey:

I try to spend as much money in my constituency as possible, which is a good way of supporting local retailers and businesses that find it hard. Doing nothing is no longer an option. Something has to kick in. If you look at the £700 or so, over the three-year period of the scheme, it would be more than £2,000 for each business. It is not the be-all and end-all, but at least it is something to work on.

You mentioned boozers, banks and bookies. As one who invests a bit of money in bookies from time to time —

Mr McLaughlin:

You invest in all three. *[Laughter.]*

Mr P Maskey:

I have not had much return on my investment. I do not know of any poor bookies. They are an example that we need to look at. Bars, clubs and shops are suffering but I do not know whether bookies are suffering. Usually, you find that when unemployment goes through the roof, bookies become even busier. I am not sure what your thoughts are on that, but some of the big banks, which have units that are the same size — if not larger — as some of the other units that will be hit with the levy are escaping it as well. That is an issue. I was following up on Judith's point. Do you have any other thoughts about bookies' shops? Can they be exempted? They will benefit from this.

Mr Roberts:

If issuing press releases about banks, bookies and boozers is the level of their contribution to this debate — if that is their idea of wooing people — I would hate to see what else they have in mind. Of the 9,000 businesses that will be involved, only a small number are bookies. This is not about subsiding independent retailers. It will, hopefully, help businesses that are struggling just as much as independent retailers. You heard Colin speak very effectively about the pressures facing his members. This is about ensuring that whatever support is available can be given to small businesses. Rates are the only taxation power that the Assembly has at present.

Likewise, we support the need to move on corporation tax. The Committee has discussed that in great detail, and you will all know that changes to corporation tax will take place over the long term. It will be quite a few years before the impact of reducing corporation tax is felt. Alongside that, we have to make ourselves attractive to foreign direct investment, and corporation tax is a key part of that, but we should also be building our indigenous base. Just as it is right that big businesses make savings on corporation tax, let us not forget that all those stores that qualify and will have to pay extra will do very well out of a change in corporation tax. What they may lose on rates, they will gain on corporation tax. That is the bottom line.

Mr Hunter:

There are many dangers for the Executive in trying to micro-manage the situation. You could almost be accused of being discriminatory. Each of us has our own ideas about who should pay less rates or more rates. I would like to charge banks, for instance, 10 times the rates of local retailers. However, there is a danger in getting into that debate. The system is simple and that is the reason why it can work.

Retailers in the city centre need to look at the big picture. Perhaps this is about egos, but people do not come into town to visit one store, they come to visit all the other little shops in Belfast city centre that make it interesting. Those retailers have to look at the big picture and support the smaller retailers that surround them because they are the lifeblood of the city centre and they bring in the footfall.

Mr McQuillan:

Thank you for your interesting presentation. I was not going to speak; I was just going to listen. However, it is important to recognise that this scheme will last only three years. It is about supporting not only small businesses but the small towns and villages throughout the country that depend on those small businesses. I would also like to charge the banks more, but including all financial interests would make the scheme messy and unworkable. The money gained would be spent out again. It would not go where we want it to go, which is to small businesses. That is why we should push ahead with the scheme as it stands. We should do that for three years, as you say, and then look at it again to see who else we can include in it. By that time, it will have taken us to the revaluation and, hopefully, we will get it out then. As a short-term measure, the gains that it will make will help businesses to survive and will provide people with a wage, which is important. I support the scheme and wish you all the best in the future.

Mr McLaughlin:

We cannot prevent the multiples — the out-of-town traders — from passing on pressures on their margins to suppliers or customers but we can reach out to help those businesses that would otherwise go under. That is the merit of the scheme; it is temporary. We are all aware of pubs and restaurants closing. God knows what will happen after Christmas.

The Chairperson:

Thank you, gentlemen. We have further evidence to take. No doubt you will hear the deliberations of the Department and the Committee as they bring proposals to the Executive.

Mr Roberts:

Thank you.

The Chairperson:

I welcome Derek McCallan, chief executive of NILGA (Northern Ireland Local Government Association), and Karine McGuckin, who is NILGA's European officer. Sorry to keep you waiting. The previous session ran on and we were slightly late in starting.

Your paper states that you wish to review and comment on the final determination made by the Committee. However, the Committee will give its views to the Executive and the determination will be made by the Minister in consultation with the Executive. Our views will be published and will be a matter of public record. I invite you to make your opening comments, after which we will ask questions.

Mr Derek McCallan (Northern Ireland Local Government Association):

Thanks for the opportunity to supplement our written submission on our original consultation with this oral evidence. I am very conscious of this process and of your timescales, so we will keep it as short as possible. I want to register an apology from our colleagues on the local economic development forum: Shirley McKay, who is a Belfast City Council officer, and Councillor Sean McPeake. It is protocol for NILGA office bearers to represent us, but he has had to pull out because of constituency business. For some reason, he trusts us implicitly.

The Chairperson:

All politics are local.

Mr McCallan:

That is corporate politics in NILGA. I will keep our presentation to the three principal issues, as prepared in our original paper: the proposals for the small business rates relief scheme, the formula for the application of the levy, and window displays in empty shops. We want to state our case on those proposals. My colleague Karine wants to identify the key issues in regard to the doubling of the small business rates relief scheme.

Ms Karine McGuckin (Northern Ireland Local Government Association):

I am very conscious of time and that we have submitted a supplementary paper, which members have today.

NILGA is broadly in favour of the small business rates relief scheme for several reasons.

Small businesses represent the backbone of our economy. As Northern Ireland is mainly semi-rural, the majority of its businesses are in rural areas where footfall is lower than in conurbations such as Belfast or Derry. Obviously, we are in favour of rates relief because we are conscious that in the current recession, consumer patterns have changed dramatically. Consumers look for items of necessity, so businesses have to adapt to that. In many cases, there have been closures. All that is combined with an unemployment level that is probably the highest that it has been for 17 years. We want to maintain the number of new entrants on the market. Obviously, our key message is that we support the doubling of small business rates relief.

Another key message is that the measure should go beyond retailers. We would like all non-domestic properties, not only retailers, to be considered for the relief. That is because when you talk about retail, you automatically start to make definitions. How do you define a business or retailer? Therefore, that will make the situation difficult and tricky. We believe that the most basic and simple way to apply the scheme is to look at all non-domestic properties. Obviously, that particular measure will be subsidised by a levy, for which a formula needs to be determined. Derek will give evidence on that.

We are very supportive of the third aspect of the proposals, which relates to empty shop window displays. Councils can play a vital role in incentivising and promoting that. NILGA would be very happy to assist councils in so doing. We could look, for example, at seasonal displays, such as for Christmas, Easter or summer events. We will also work with communities to make sure that they use empty windows to display their projects. That would lead to better cohesion at community level. So, we support that strongly.

I will pass over to my colleague Derek, who will address the levy.

Mr McCallan:

Whatever decision is taken on the “how to”, which is the formula, it carries a contingent risk. We make no apology for the fact that we found the myriad responses from stakeholder organisations, private businesses and political parties very compelling. In following acutely the situation in Scotland, by accident more than design where this subject matter is concerned, I found myself in Edinburgh with the UK leaders of councils yesterday. I was given a potted history of how the principles that were espoused led, ultimately, to a decision not to follow through on this matter for a variety of reasons that included European laws, legal constraints and perceptions of discrimination. As a Committee, you will be very aware of the Scottish Parliament's current move to look at a health levy on alcohol and tobacco. It would not be a substitute and it would not have the same outcome. However, although Northern Ireland is a sovereign entity in its own right, the process and the small "p" politics of the movement in Scotland was very interesting. I know that your researchers are also looking at that.

From our perspective, the formula is the elephant in the room. It is the "how to". We are respectful of the fact that the public purse just cannot cope with the demands placed on it and that the principle of introducing a levy on businesses that may be perceived to be the haves, that is, the big retailers, rather than the have-nots, is one way to deal with that.

We are conscious that this has been widened. Just as we were coming in, Mrs Cochrane MLA mentioned the need to get more information about those premises that have a rateable value of £500,000, as well as information about those that are worth a bit more and a bit less than that. It is our understanding that there are more than 200 such properties in the public sector. The potential exists to apply a levy that is more in the region of 6% than 20%, thereby spreading the load across sectors such as the financial services sector, which has some larger premises that fall into that category. I need not tell any members that consumers are somewhat exercised about the activity of the financial services sector in recent months and years and that the perception that that sector is being positively discriminated against could have some repercussions.

We ask the Committee to explore, which I am sure it is doing very thoroughly, the comprehensive list of properties with a net asset value above £500,000. That is because that formula has the potential to reduce the actual cash burden on individual companies. We realise that a dynamic political decision needs to be taken but we would simply say that there is a contingent risk to whatever decision the Assembly as a corporate body takes. As you said, Chairman, you will make the decision, and we will simply receive it and see whether there is anything supplementary that we as councils can do in our economic development activity to incentivise the payment of concessionary rates for small companies and whether we can do more within the law, with not just councils but bodies such as DETI. As you know, however, the law is a curate's egg. It is good in parts.

In summary, we would be happy to see this measure broadened to take in any properties with a net asset value above £500,000. However, we are conscious of the perception that retail brands in cities could suffer as a result. We are also conscious that each high street store stands on its own two feet, so there could be repercussions. However, decisions require leadership, and we respect that you will have to take a contingent risk when making those decisions along with the Minister. We will work in a wider forum to keep our high streets and local economies open.

This is not straightforward and clinical, but we do not apologise for that. We found the information available from the other consultees, published by DFP and the Committee, to be extremely compelling. This is not a clinical issue because Ministers and politicians are clearly exercised about it. We are very happy to respond in whichever way we can, not as specialists but on behalf of the councils that we represent.

The Chairperson:

Thank you very much for that. In your closing remarks, you spoke about this not being clinical. Your argument that some of the bigger financial institutions should be brought in to this is not necessarily a contradiction. However, your initial argument that all non-domestic properties should benefit from it is an anomaly because some of the financial institutions at a local level, such as smaller banks, building societies, solicitor's offices, insurance companies and estate agents, would benefit as well. So that is an anomaly, and as we have been examining this, we have found that there are anomalies everywhere. It is not a sophisticated instrument. In fact, most people have accepted that it is blunt. On the one hand, you argue that from a perception point of view, it would be better if businesses at the top level were brought in to pay this. However, on the other hand, you argue that all non-domestic properties should benefit, which would actually benefit those businesses with smaller properties throughout towns, villages and cities.

Mr McCallan:

I think that that goes back to something that my colleague mentioned earlier. Ultimately, when you start from that basis and look at the formula, you may ask yourself, "This is not a business, but I know that it is very businesslike, so how are we going to pay for it and who do we discriminate against?". So, you are quite right, Chairman. The key to this would be the standard business classification, which is the determination of whether something is a manufacturing or a technology business. Those classifications could be made.

Again, as my colleague Karine said, the more you get into the micromanagement of the scheme, the more difficult it is to question whether you are discriminating or could be perceived to be discriminating. However, that is the baseline. Decision-making timescales mean that there is not a lot of time but if you baseline that, you could start to work out through that broad classification what are small businesses and financial institutions and what are not.

It is very difficult, and I make no apology for saying that we do not come with a panacea for this. However, we feel that the retail-only debate will create an awful lot of repercussions. Those can be managed because decisions that you as MLAs take are sometimes controversial and you can manage the repercussions. However, the point is that, unlike in Scotland, a big consultation process is taking place. I understand that in Scotland, the measure was just seen as part of the Programme for Government. They said that they were just going to do it but they could not. I would not say this often but that is one of the values of the length and quantity of the consultation. Perhaps there is an opportunity to time bound the measure in such a way that means that, until that is sorted out, you cannot take a decision clinically for this financial year. However, you should bear in mind, Chair, that a lot of the lobbyists — I cannot use any other word — are arguing that they have already made projections for their financial undertakings for the year and that this is something that they will not have considered.

So, there is a dunt there for those businesses that may have to endure this in the coming year because they had not projected the potential payment of £85,000. It is not that I am arguing that you should not make a clinical decision. I think that the quantum of information still has to be examined meticulously to make sure that there is no fear of substantive challenge over whether you are discriminating against X over Y.

Mr Cree:

Thank you, Chair. Thank you very much for your submission. I found it very interesting. You spoke throughout your presentation about the UK. Do you mean the entire UK in this instance? Do you not have any separate figures for Northern Ireland?

Mr McCallan:

When referring to the UK, I am including information from England, Scotland, Wales and ourselves. We do not have independent data on NI.

Mr Cree:

I thought that that was the case. You highlighted a couple of very important points, such as the loyalty cards and the £350 million that has already been clawed back by reducing the discount from 2% to 1%. I am sure that not many people know about that. I will certainly have a look at what my loyalty card is worth now. It cannot be very much.

The final point is the one that concerns me most and it has done for some time. These big stores have a very large grip on local suppliers. I would hate to think that the local suppliers could ultimately suffer. Your submission mentions payment being made in six months or, if there is a query, up to a year. How much detailed work have you done on that particular area?

Mr McCallan:

First, I give due credit to my colleague who thought that the loyalty card and supplier issues were required, simply because if you are faced with a big, medium or small bill, as a business, you look at how you can absorb the cost. Karine's point is that it will be passed on either to the supplier or to the customer. Figuratively, both analogies were given.

I will answer your question about how much work has been done, and Karine may then wish to amplify the point. Through the local economic development initiatives that individual councils have done, for example, in the Ards area, I am aware of a number of businesses in the creative industries, organic suppliers, and so on, who simply went out of business because they could not meet the price and quantity timescales applied by large retailers. That is a generic issue across these islands, of course.

The perception across the board and across Northern Ireland is that if the payment, that is, the mitigation, goes to the suppliers, Northern Ireland suppliers will at least in part have to meet the costs of the levy.

Ms McGuckin:

The loyalty card is an instrument that multiples use widely to compensate for price variations, so you think that, in one way, you are getting a benefit, but the rules change as they go. That means that they will reduce loyalty card benefits to compensate for a decrease in the price of basic food items, for example. It is a way of keeping tabs on unforeseen increases or decreases in prices that multiples use widely to control their prices and benefits. That is something that you can expect them to play with more if you impose a levy.

Suppliers obviously welcome the presence of the large multiples in Northern Ireland. We are happy to have them here because they bring diversity to the market and bring in products that you otherwise would not have. However, it is true that the way that they sometimes deal with suppliers can be very hard for the small companies that supply them.

Sometimes, small companies are paid only on a six-monthly basis. If there is one mistake in the claims that they submit, the multiple involved sometimes delays sorting out the issues relating to that claim, which means that it passes to the next payment phase. That can mean a yearly instead of a six-monthly payment. For a small company that has one of those multiples as its main source of income, that can mean their going out of business. Some do not have a choice because it is about the contract. Without any other source of income, that can be a big difficulty for them.

The Chairperson:
If no other members wish to ask questions, I thank you very much. You came in on the back of a fairly full evidence session on the same issue, so we have had quite an exploration of the argument for an increase in rates relief. You said that it is up to the Minister and the Executive, not the Committee, to determine the outcome of this. However, the Committee intends to respond on the issue early next month, and that will be published and made available to you.

Mr McCallan:
Chairman, I wish you MLAs well in your debate tonight on the Programme for Government. We also believe that that programme should, of course, be inclusive of local government. Thank you for your courtesy this morning.