

Opening Statement to the Joint Committee on Jobs, Enterprise, and Innovation on the Costs of Doing Business

ISME thanks the Joint Committee for this opportunity to address the issue of business costs.

Our written submission addresses in detail those areas which are of most concern to small business from a cost perspective.

What all those issues have in common is the fact that they are ultimately within the gift of you as legislators to control.

Insurance costs are a function of how you legislate for the insurance industry, the Courts Service, the legal services, and the status of the Book of Quantum. We have made clear in multiple submissions to Committee and to the Department of Finance what must be done. In addition, I can confirm that we will bring to members of the Oireachtas a draft law on perjury for their consideration.

We are a high-cost economy, which means both citizens and businesses struggle to meet basic costs of living and trading. This does not, however justify trying to meet those costs by increasing the cost of labour. We have the second highest minimum wage in Europe, and we are a relatively high wage economy. Our average hourly rate of pay is just over €30 per hour, in 10th place, but with lower levels of social services than those above us. Our income tax is extremely low below €20k pa, and extremely progressive above €34k pa. This leads to an unwillingness to get promoted, to work overtime, or to take a job which would break the income threshold for social housing. We need to address the labour cost issue by reducing costs, not by increasing the cost of labour.

The costs of our public services would be tolerable if they yielded satisfactory outcomes for the public at large. They do not. We have an extremely high gap between public and private sector remuneration, and yet all the pressure for pay increases come from the latter. The pay gap is at proportions not seen beyond Mediterranean countries, where gross wages are much lower. The pay gap is no longer sustainable, economically, politically or morally. Nor is the legal discrimination by Revenue against private sector pensions, or the inequitable treatment for tax purposes of self-employed workers.

Commercial (and private) property prices in Ireland are rising to unsustainable levels, and represent a direct threat to SME employment, to inward investment, and to our ability to attract a Brexit 'windfall.' Like the insurance costs, the costs of commercial property are heavily influenced by legislation and government policy. Upward only rents and commercial rates are in your gift to control as legislators.

Energy costs are also a direct function of policy. While the PSO Levy was introduced to support green energy generation, its linking to wholesale energy prices defeats the very objective it was to support. As the cost of renewables fall for everyone, the PSO Levy is absorbing savings made by SME users. This is counter-productive and must be changed.