

SEANAD PUBLIC CONSULTATION COMMITTEE
SMALL AND MEDIUM SIZED BUSINESS IN IRELAND

Public Consultation Notice

Committee's Purpose:

The Seanad Public Consultation Committee hopes that, through this public consultation process, it can create an integrated national strategy proposal document supporting the fostering, growth and sustainability of indigenous Irish SMEs in becoming a key foundation block for the long-term success of the Irish economy.

Committee's Objectives:

The Committee hopes that, through its public consultation, it can –

- Identify and evaluate the key challenges for SMEs, such as:
 - Access to finance
 - Recruitment of suitably qualified staff and ongoing training/skills development challenges (including mentoring)
 - Retaining staff
 - Building strong routes to market
 - Broadband and connectivity (including transport)
 - Cost of doing business in Ireland (ie rates etc)
 - Macro-economic and political challenges and volatility
 - Start up support for entrepreneurs – low risk tolerance/culture – planning permission issues etc
 - Challenges in selling on, or transferring a business to family members
 - Poor integration and communication perception of State agencies
 - Other relevant challenges to be identified
- Review existing business environment in Ireland, including:
 - Their roles and effectiveness in terms of the Committee's purpose of developing an integrated national strategy for SMEs
 - Overall integration and focus
 - Clarity as to results obtained together with a "gap analysis"
 - State Agencies
 - Government Policy
 - EU policy for SMEs
 - Finance and Banking
 - Educational institutions
 - Other supporting bodies
- Research relevant successful SME national policies in other countries, such as
 - Germany – German Centre for Research and Innovation
 - Denmark – Danish Growth Fund
 - US – SBA loans (State guaranteed loans)
 - UK – Enterprise Finance Guarantees

Background and context:

What is an SME?

There are three classifications that comprise the SME sector:

- A Micro Enterprise is an enterprise that has fewer than 10 employees and has either an annual turnover and/or annual balance sheet not exceeding €2 million.
- A Small Enterprise is an enterprise that has fewer than 50 employees and has either an annual turnover and/or an annual balance sheet total not exceeding €10 million.
- A Medium Enterprise has fewer than 250 employees and annual turnover below €50 million or balance sheet below €43 million.

How many SMEs are there in Ireland?

- According to the latest figures from the Central Statistics Office (CSO), there are 248,344 Small Medium & Enterprises active in Ireland. This represents 99.7% of all Irish businesses which is in line with EU statistics.
- There were 35,000 new business owners in 2016. 70% will be an employer within 3.5 years of starting.

How many people are employed by SMEs?

- The latest CSO Business Demography results from 2015 show that 968,881 people are employed by SMEs representing over 70% of the workforce and generates just over half of the Country's annual turnover.

Characteristics of SMEs:

- Despite Ireland's reputation as one of the world's most globalised economies, 64% of private sector workers are employed by indigenous non-exporting firms, with 56% working for indigenous, non-exporting SMEs. These numbers highlight the importance of domestic demand for sustaining and generating employment, and suggest that an export orientated growth policy may not have as large an impact on number of people employed as might be expected.
- SMEs are particularly responsive to changes in domestic and EU policy. In view of the high proportion of people employed by SMEs in Ireland they are especially relevant to addressing the country's unemployment concerns and in creating sustainable wealth throughout the country and across all sectors of the economy.
- SMEs have fared particularly badly when viewed against larger enterprises i.e. those above 250 employees, as a result of the poor economic climate over the last few years. Since larger companies and multinationals have access to funding from international sources, domestic financial sector difficulties which have resulted in tighter lending policies have greater implications for SMEs.

The Process:

Interested organisations and individuals are invited to send written submissions to it on this issue. The Committee will review all submissions which meet the requirements set out below and will invite a number of the contributors to participate in a meeting with the Committee. The meeting will be held in the Seanad Chamber at Leinster House.

The Committee is particularly interested in hearing the views and/or experiences of –

- IBEC – ISME - SFA
- EOY Entrepreneurs Alumni
- Industry clusters associations (medical, pharma, retail, export, manufacturing, tourism, farming and food, professional bodies such as engineers etc)
- Chambers of Commerce of Ireland
- State Bodies engaged in enterprise development
- Academic bodies

The Committee will draft and publish a report in which it will make findings and recommendations. When its report has been published, the Committee will seek a debate with the Minister in the Seanad.

Submissions

Submissions should not exceed five pages and should contain the following information:

1. The name, postal address, e-mail address and telephone number of the organisation or person making the submission;
2. A brief introduction indicating any experience, expertise or background you may have in this area;
3. Factual information, observations or opinions that you believe will assist the Committee in drawing conclusions;
4. Public policy recommendations.

Submissions will be circulated to all members of the Committee and may be published, in whole or in part, in the Committee's report and/or on the Committee's webpage. If you prefer not to have your submission published in the report or on the Committee's website, please indicate this clearly on your submission.

The Committee's Terms of Reference contain a number of conditions, set out below, which govern the content of submissions. Contributors are asked to bear these in mind:

"A submission is admissible unless it –

- (a) *requests the Seanad to do anything other than the Seanad has power to do;*
- (b) *does not comply with Standing Orders or is otherwise not in proper form;*

- (c) *contains any matter which is sub judice within the meaning of Standing Order 47;*
- (d) *comments on, criticises or makes charges against a person outside the House or an official, either by name or in such a way as to make him or her identifiable;*
- (e) *contains language which is offensive or defamatory;*
- (f) *is the same as, or in substantially similar terms to, a submission made by or on behalf of the same person or body during the lifetime of the Committee."*

Submissions must be received by the Clerk to the Committee not later than 4 p.m. on Wednesday, 5th September, 2018.

Receipt of submissions by e-mail, and in Microsoft Word format, is preferred. The e-mail address for submissions is: seanadpublicconsult@oireachtas.ie

Submissions may also be sent by post to:

Bridget Doody,
Clerk to the Seanad Public Consultation Committee,
Seanad Office,
Leinster House,
Kildare Street,
Dublin 2.

The Clerk to the Committee may be contacted by telephone at 01 6183225.

Members of the Committee:

Senator Paul Coughlan, Leas-Chathaoirleach of Seanad Éireann, is Chairman of the Seanad Public Consultation Committee.

The other members are Senators Catherine Ardagh, Jerry Buttimer, Maria Byrne, Martin Conway, Mark Daly, Máire Devine, Joan Freeman, Colette Kelleher and Pádraig Ó Céidigh.

Senator Pádraig Ó Céidigh has been appointed as Rapporteur for the purpose of the Report.