

Opening Statement to the Oireachtas Committee on Budgetary Oversight

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25/10/23

Introduction

I would like to begin by thanking the Chair for the invitation to Ibec to appear before the Committee this afternoon. I am Fergal O'Brien, Director of Lobbying and Influence at Ibec and I am joined by my colleague Hazel Ahern-Flynn, economist with Ibec. We are grateful for the opportunity to appear before the Committee to discuss Budget 2024.

Ibec perspective on Budget 2024

Ibec welcomes the Government's investment ambition set out in Budget 2024, particularly the establishment of the National Infrastructure, Climate and Nature Fund.

We believe the fund of up to €14bn has the potential to significantly enhance social, economic, and environmental infrastructure over the next decade. The fund will ensure the protection of public capital projects during cyclical downturns, reduce the need for 'catch-up' spending, provide improved value for money, and offer greater certainty to sectors downstream of infrastructure delivery. This, in turn, will enable organisations to build capacity and retain skills in both the public and private sectors.

Additionally, Ibec welcomes the introduction of the Increased Cost of Business Scheme, as this support is critical to helping businesses navigate significant labour cost increases. However, we await the detailed specifics of the support measures. The biggest challenge for businesses currently is these rising cost pressures. Given the broad range of businesses that will be impacted by legislation-driven increases to costs over the coming months and years, ensuring that the scheme is well designed so that it is both accessible and delivered quickly to those businesses facing squeezed margins will be essential. Current sustained, high rates of inflation and labour demand suggest that we are in, or approaching, the peak of the economic cycle. It is essential that as a country we maintain a stable footing and remain as cost competitive as possible.

The €250 business support package should provide much-needed relief for firms facing substantial government-imposed increases in labour costs, but more work needs to be done in this area. It should serve as the starting point for a broader conversation about the transition to a Living Wage, pensions autoenrollment, and other significant labour market changes over the coming years and their knock-on impact on cost-competitiveness. While the budget takes significant steps in providing appropriate support, ongoing labour challenges and cost issues will continue to be obstacles in the years ahead.

Against the backdrop of challenged cost-competitiveness within the Irish economy, ensuring that we have a highly-skilled and highly-productive labour force to continue to attract investment and support growth will be essential. In this regard, Ibec was disappointed not to see the employer-funded €1.5bn surplus in the National Training Fund put to use in Budget 2024. In a highly competitive global environment, we cannot afford to be complacent on education, skills or innovation. Significant investment in life-long learning and upskilling of our workers will also be needed to meet the twin challenges of the climate and digital transitions. However, Ibec does welcome the commitment to examine measures, including legislation changes, to unlock the fund. Going forward, businesses will continue to work closely with the Government to find a practical and pragmatic solution to unlock the €1.5 billion surplus in the NTF to ensure that education and training remain essential components of Irish competitiveness.

In summary, Budget 2024 struck the correct balance between investing in urgently needed capacity within the state, providing certainty for longer-term public investment and addressing immediate needs while enhancing social cohesion. While many of the measures announced in this year's budget are welcome, their success will be measured by the effectiveness of their implementation.