Ms Maire Ni Chuirc
The Low Pay Commission
Room 207A
Davitt House
Adelaide Road
Dublin 2

9th March 2016

Dear Ms Ni Chuirc,

I write in connection with the Low Pay Commission's public consultation process. As an employer based in Dublin I wish to make the following points regarding the Commission's recommendations for 2017.

- Our company is involved in two types of labour intensive business – manufacturing for export and the operation of retail outlets. We have over 340 staff, about half on minimum wage.
- Since the increase in the NMW on January 1st 2016 our wage levels have obviously increased considerably. Over 160 employees have received raises of €20 per week. A further 30 or 40 employees on slightly higher rates have received raises of €15/€20 per week. The transition process caused a lot of uncertainty and some bad feeling due to unrealistic expectations. This was accentuated by the unashamed politicisation of the matter before and during the recent election.
- Where possible we have tried to pass on the effects of these cost increases through raising prices. With the current level of inflation it would be very difficult to do this again.
- It is too soon to assess the overall effect on the company as we are only 70 days into the year and we would not yet have accounts for even the first quarter.
- We feel it is quite premature to be considering a further increase in the NMW at this stage, so soon after the implementation of the recent one particularly with inflation currently running at 0.1%.
- However, one notable trend since July 2015, when the last increase was recommended, is the fall of sterling by 7.95% (from 0.717 to 0.774). This has reduced our competitiveness in our largest export market and, along with the increase in wages, will ensure a much tougher time for the company in 2016.
- We note from the last Low Pay Commission Report that there was much mention of the rising cost of living, particularly rents. We

respectfully point out that there are many causes for this, mostly resulting from government policies. Further increases to the NMW will not solve the housing crisis. It will just pile greater costs onto businesses like ours until we reach a point where we will cease to be viable.

- Many of our staff have come from overseas, attracted by the second highest minimum wage in Europe (after France at €9.47 per hour). Has the Low Pay Commission ever considered the effect of this on the requirement for rental accommodation in Dublin? Approximately 95,000 new PPS numbers have been issued to overseas workers in 2014 and 2015. Further increases to our NMW will certainly cause this number to rise. This will put further pressure on rents particularly in Dublin.
- There is no doubt also that, where possible, businesses will increase prices particularly in restaurants and hotels. This will affect tourism and bring back accusations of 'rip-off Ireland'.
- The higher wage costs, with the added uncertainty of further increases to come, have made us extremely cautious about further investment. We are now looking where we can cut staff numbers and hours. Having invested over €9m in buildings, plant and equipment and new retail outlets in the last three years we expect little or no investment this year.
- The Commission's 2015 report stated that a moderate increase in the NMW is unlikely to do harm and went on to recommend a 5.78% increase. When is an increase more than 'moderate'? Since the enactment of this increase in January 2016 we have experienced a world economic slow-down, little or no inflation and an adverse currency movement with our main trading partner of 7.95%. I would suggest ANY increase so soon after the last one would fall outside the category of 'moderate'.
- The Commission will be well aware that it is quite easy and popular to increase the NMW but almost impossible to reduce it. The burden of proof for any change therefore lies very much on the side recommending an increase. The world economy faces a very uncertain year with the Brexit referendum, major doubts about growth worldwide and particularly in China, the world's second largest economy. Any perusal of the international financial press will show that there are growing concerns about another financial crisis. This is the backdrop against which the Commission must consider whether or not it would be prudent to wait a bit longer before recommending further irreversible change.
- World economic conditions in 2015 were extremely favourable for Ireland, hence our top line growth rate. However, as the outgoing

government learned to its cost the benefits of this ‘recovery’ were not felt evenly throughout the country. Many small and medium sized indigenous businesses (still the largest employers in the state) are only finding their feet after the last crash. They are not ready for more government imposed cost hikes now, let alone if and when the favourable macro-economic environment of 2015 begins to falter.

Yours sincerely,
[redacted]