

From:
To: secretarylpc@djei.ie
CC:
Date: 29/02/2016 13:30:37
Subject: National Minimum Wage

Dear Sir/Madam,

I represent a company operating exclusively in the retail sector with 13 Skechers stores across the country and over 200 employees, the majority of whom are young, inexperienced workers benefiting from the €9.15 per hour new National Minimum Wage (or derivatives thereof).

The retail industry and our business plays an important part in providing new, young workers with valuable experience and the confidence necessary to take on the challenges of life!

The increased NMW rate from 1st January 2016 has increased our payroll entry cost base by 6% but the story doesn't end there. The most significant differentiation between entry level employees (both male and female) and the next level of more experienced colleagues are the NMW under 18 and first employment derivatives. All are equally affected by the new rates.

The €9.15 rate has also affected previous premium rates for more skilful or experienced employees, who justifiably want to maintain a premium over the NMW rate.

We estimate, therefore, that the new rate permeates through 80% of our workforce and has had a 5% inflationary effect on our payroll cost base at a time when true inflation is at zero%.

Direct wages represent our company's single biggest cost and the new NMW will add €200,000 to our cost base this year. We cannot afford to absorb such an increase.

Our submission is simple. To avoid reducing our labour force (by one in twenty) or hours worked by 5% to recover the €200,000 additional cost, we would please ask that the 4.25% reduced rate of Employers' PRSI be reintroduced with immediate effect. That rate was last available in January 2014 and its reintroduction would mitigate the impact of the NMW increase to the point where we may be able to absorb its cost without taking alternative labour reduction measures.

That 4.25% rate was originally introduced in July 2011 when the NMW was last increased. Reintroduction now would also allow us expand our business model and create new employment opportunities.

Please note that the Budget 2016 €20.00 per week nominal increase in the 8.5% Employers' PRSI band is not sufficient to mitigate the real NMW labour cost increase.

We look forward to your consideration and response to our submission.

Yours faithfully,

Rob Reardon

Director of Finance

ATTACHMENTS: