



South Dublin
CHAMBER
IN BUSINESS FOR BUSINESS

South Dublin Chamber.

Submission on the National Minimum Wage.

10.03.16

South Dublin Chamber was established in 1984 with a mission to support the growth and development of its member companies through relevant representation, networking and service provision. Detailed surveys undertaken in 2014 and 2015 show a positive but tentative recovery in business confidence. Employment outlook was encouraging as 40% of business indicated that they were intending to take on additional staff, and 47% of these were looking to recruit at least 2 additional employees.

However it must be stressed that over 36% of businesses in South Dublin are in the retail sector which traditionally are identified with low pay.

In addition 21% of businesses surveyed are exporting principally to Northern Ireland and the UK.

Exporting is a very critical driver of economic activity and wage costs are a critical factor in businesses being competitive in export markets.

South Dublin Chamber fully supports the work of the Low Pay Commission in determining the appropriate National Minimum Wage and is supportive of assisting low paid workers in the economy.

In determining the appropriate National Minimum Wage competitiveness of business and the economy in general must be considered. In addition South Dunlin Chamber runs on a regular basis business to business meetings. This gives the chamber regular and consistent feedback of actual business activity and business confidence. It is clear that the economic upturn is not being felt in all business sectors with the indigenous SME sector still particularly under pressure.

It should be noted that under the legislation establishing the Low Pay Commission, it is noted that in setting a national minimum wage the low pay commission must ensure that if the national minimum rate is progressively adjusted, it should be done so without creating significant adverse consequences for employment or competitiveness.

The National Competitiveness Council report 'Ireland's competitive challenge 2015' states that currently 26 out of 34 OECD countries have statutory national minimum wages in place. As a percentage of average wages, Ireland has the 9th highest minimum wage (out of 22 countries). Ireland had the 5th highest minimum wage in PPS terms and 4th highest in euro terms.

Statistics from the Central Statistics Office show that prices on average, as measured by the CPI, were 0.1% higher in January compared with January 2015.

One of the difficulties for the SME sector when an increase in the minimum wage is introduced is the potential for knock on wage rises from other employees.

Wage differential is a sensitive issue in many businesses, and the differential in wage rates that exists amongst workers is usually jealously guarded.

Therefore when the workers on the minimum wage receive an increase, this can represent an overall wage increase to the workforce. This has the effect of increasing the wage burden on small businesses. Competitiveness both national and in the export driven sector are critical to growth and employment creation.

We would urge the Low Pat Commission that when recommending a rise in the minimum wage consideration is given to the ability of the SME sector to absorb the rise in wage costs without creating a negative impact on competitiveness.