

A Fresh Start for Jobs in Small Business

'18 ways to support small business and save jobs'



Introduction by Leo Varadkar TD
Fine Gael spokesperson on Enterprise, Trade & Employment

Ireland is experiencing tough times. Our economy is shrinking at an historically unprecedented rate with the public finances in deep deficit and unemployment soaring. The causes of the recession are both global and domestic, but there can be no doubt that our government's policies have contributed to the speed and depth of the downturn and that they did not prepare for a crisis which was foreseen by so many.

In recent months, the government has shown a belated willingness to tackle the crisis in the public finances. The Emergency Budget, however, was flawed on two accounts. First, it relied predominantly on tax increases to repair the public finances. The Irish government is the only government in the world that thinks it can tax its way out of recession. Second, it contained no measures to stimulate the economy, support business or to retain and create jobs.

Small and Medium Enterprises (SMEs) are the backbone of the Irish economy. They number almost one quarter of a million and employ more than 800,000 people. They contribute billions to the economy in taxes and PRSI.

Small businesses are suffering. After years of rising costs mostly imposed on them by government, SMEs must now contend with falling demand for their goods and services. In recent months, the government has made the situation worse. Tax increases, an absence of political leadership with a clear plan and the promise of new taxes in December have destroyed consumer confidence and dampened demand. The decision to increase VAT has driven consumers North which has severely impacted the retail sector. Retail sales are down 24% from the same period last year, the biggest drop since records began. The travel tax has done further damage to the tourist sector impacting hard on hotels, leisure and restaurants.

While job losses in high profile companies such as Waterford Crystal, Dell and SR Technics attract headlines, there has been a silent haemorrhage of jobs from small and medium enterprises across the country. We cannot allow this to continue without some government action to support SMEs and stem the tide of rising unemployment.

This is why Fine Gael is launching its SME Survival Package. The package includes eighteen specific measures which we believe will help small firms to survive the recession, retain jobs and hopefully create some new ones.

LEO VARADKAR TD

**Message from Enda Kenny TD
Leader of Fine Gael**

A Party of Ideas - Fine Gael's Economic Policies to date

The single greatest issue that concerns the people of Ireland and that causes real anxiety is the safety of their jobs, the possibility of losing a job and the need for a plan to move our country forward. That's why Fine Gael has continuously pointed the way forward and why we have placed job protection and job creation at the heart of our recovery plans. This country has drifted aimlessly in the past few years from one crisis to another with no vision of where to go or what to do. It was always too little, too late.

Fine Gael has set the agenda all along. We were right on benchmarking, we were right on the scrapping of the National Pay Deal, we were right on Bank recapitalisation and on the need for a new Budget. And we're right to now focus on supporting small business to protect jobs.

Fine Gael has already outlined our stimulus package in the *Rebuilding Ireland – NewERA* policy which sets out our plans to build infrastructure and create new jobs in renewable energy, next generation broadband and water services. We have shown how we can achieve this while not burdening the taxpayer with more borrowing. The Fine Gael plan is not about jobs for the boys, but jobs for the people.

We published our fiscal strategy, *Budget Perspectives 2009*, in which we commit to preserving our low tax model as the best means to promote growth, enterprise and employment. Fine Gael is the only party that does not believe that we can tax our way out of recession. We have already produced detailed proposals to reform the way we deliver health services (*Fair Care*), proposals to fund and raise standards in third level education (*The Third Way*), reduce the number of state agencies and make them accountable (*Streamlining Government*) and to re-organise and reform local government (*Power to the People*).

Fine Gael has made clear its position on the banks. Fine Gael has proposed to establish a new wholesale investment bank, *the National Recovery Bank*. The Fine Gael plan ensures that credit will start flowing immediately, minimises the risk to the taxpayer and gives shareholders and private pension funds some hope of recovery.

Fine Gael is a party of ideas and a party with a plan. In the coming months, Fine Gael will continue to publish policy papers based on our vision of a fairer Ireland based on a strong competitive economy.

Fine Gael is the party with the team, the energy and the ideas to get the Irish people back to work.

ENDA KENNY TD

Detailed Proposals

Fine Gael's SME Rescue Package contains eighteen specific measures to support small business and to sustain jobs. These include tax stimulus, measures to reduce business costs, new legal protections for business and measures to assist start-ups.

1. PRSI EXEMPTION or WAGE SUBSIDY

The current rates of Employers PRSI are 8.5% and 10.75% including the National Training Levy. Employers PRSI adds to the cost of employment and can act as a disincentive to job creation. Last year, Fine Gael proposed that employers who take on additional employees should be exempt from paying Employers PRSI for at least two years.

Now we are going further. As an alternative to an exemption from PRSI, we will allow an employer who takes someone off the dole and into a new job to claim a wage subsidy. This will be worth €6,000 and will be paid over two years with €4,000 paid in the first year and €2,000 in the second. Where the new job is not retained for two years, the subsidy must be refunded pro rata. This proposal applies to full-time jobs with a reduced subsidy for new part-time jobs.

The wage subsidy works in the same way as a PRSI exemption but gives employers more flexibility by allowing them to frontload the benefit.

Employers will be able to choose either option. The exchequer will benefit from reduced social welfare costs and increased revenue. There is a potential 'dead weight' cost of €20 million per annum whereby the state ends up subsidising new jobs that would have been created anyway. But it is a risk that we are prepared to take.

2. GET THE BANKS LENDING

Credit is the lifeblood of a market economy. At present, businesses are starved credit and many good businesses are going to the wall as a result. In its approach to the banking crisis, the government has failed to look out for SMEs and mortgage holders. Restoring the flow of credit to the business sector should have been at the centre of the government's strategy. Instead, it was an afterthought.

Fine Gael does not support the government's NAMA plan which will take years to work if it works at all. We do not support nationalisation which would leave taxpayers liable for all the losses and will wipe out shareholders and pension funds by denying them any prospect of recovery. Fine Gael has proposed to establish a new wholesale investment bank or *National Recovery Bank* which will

be established using government capital and funded by the European Central Bank (ECB). This new bank will buy good debt from the guaranteed banks thus providing them with the capital they need to cover their losses from bad loans. The new bank will also facilitate the guaranteed banks to resume lending to business and individual customers.

The Fine Gael plan ensures that the credit will start flowing immediately to small and medium enterprises and will act as an effective loan guarantee for viable small businesses in need of credit.

3. REDUCE BOTH RATES OF VAT

The government has admitted that its decision to increase VAT was wrong but they have not reversed it. In our pre-budget document, Fine Gael proposed to reduce the higher rate of VAT from 21.5% to 21% and the lower rate from 13.5% to 10%.

These reductions in VAT will reduce prices for consumers, business cost and will stimulate both production and consumer demand. People on low-incomes will benefit the most from this measure.

This will cost €538 million in full year and will be financed to reductions in current account spending outlined in our pre-budget document (see Appendix A)

4. ABOLISH THE TRAVEL TAX

Fine Gael proposed to abolish this new tax in our Pre-Budget Submission. The Travel Tax will act as a disincentive for tourists to come to Ireland and will do further damage to our struggling tourism sector, leisure industry, hotels and restaurants. This measure will cost €88 million in a full year. This proposal already forms part of Fine Gael's fiscal strategy which was published in advance of the Emergency Budget.

5. END 'UPWARD ONLY RENT REVIEWS'

The cost of renting premises is one of the highest costs of doing business in Ireland. It has driven up consumer prices and has undermined our cost competitiveness. In December 2008, Forfás reported that retail rents in Dublin were higher than in Manchester, Belfast and Maastricht and that high street rents in Dublin were closer to those in Bond Street in London than any city of comparable size. Jones Lang LaSalle's European Property Clock for Q4 of 2008 shows that prime office rents in Dublin as the 7th most expensive in Europe. A 2008 King Sturge report placed Ireland as the 9th most expensive place anywhere in the world to rent prime industrial space, more expensive than places like Tokyo, Zurich, Stockholm and Milan.

At the moment, rents are falling but many businesses have not benefited from this move because of 'upward only rent review' clauses.

These clauses which are written into lease agreements mean that rents can only be adjusted upwards. Fine Gael will legislate to make these provisions illegal. This will require a full investigation of any constitutional issues.

6. REVIEW EXISTING EMPLOYMENT REGULATION ORDERS (EROs) AND REFORM THE JOINT LABOUR COMMITTEES (JLCs)

Employment Regulation Orders (EROs) lay down in law minimum pay and conditions for employees in seventeen different sectors including hotels, catering, retail, contract cleaning and security. They are drawn up by Joint Labour Committee (JLCs) made up of employer representatives, employee representatives and an independent chairman operating under the auspices of the Labour Court. Unlike Registered Employment Agreements (REAs) for agricultural workers, construction workers and agreements made under Social Partnership such as the various National Pay Deals, EROs are not voluntary agreements between employers and employees. Where an agreement cannot be made between employer and employee representatives, the independent chairman uses his casting vote to determine the outcome. EROs are legally binding on employees who are not members of the unions that represent them on the JLCs and on employers who are not affiliated to the representative organisations which represent them on the JLCs.

Employees and employers are legally barred from coming to a local agreement that conflicts with the provisions of an ERO. This system was abolished in the United Kingdom decades ago. The constitutionality of the ERO/JLC system is currently being challenged in the courts.

All of the existing EROs were drawn up before the recession began, at a time when inflation was running at 5% and there was no talk of pay cuts or pension levies in the public or private sectors. These EROs include legally binding provisions for pay increases and premium pay rates some of which are no longer affordable. For example, retailers will be required to increase pay by a further 2.5% in October 2009 despite falling sales and narrowing or non-existent profit margins.

Early this year, Fine Gael published the Industrial Relations (Protection of Employment) Bill 2009 (Appendix B). If enacted, all EROs will have to be negotiated within six months, all future EROs will apply nationally and all EROs would have to be agreed by a majority of employer and employee representatives to be valid.

7. EXAMINATION OF INTEREST RATES

Many businesses have not benefited from the reduction in interest rates as they are locked into fixed-rate loans. Fine Gael is concerned at the very high 'breakage fees' that borrowers must pay to switch from a fixed rate to a variable rate.

Fine Gael will mandate the Financial Regulator to carry out an examination of breakage fees and is prepared to legislate to cap them if it is found that breakage fees are being calculated unfairly.

The party is also concerned at the growing gap between the Euribor rate at which banks borrow money and the rates they are charging to their business customers. Banks argue that the increased spread merely takes account of the heightened risk of their customers defaulting on their loans in the current economic climate. It is difficult to square this assertion with the fact that the banks are no longer prepared to lend to anyone other than very low risk borrowers. In government, Fine Gael will put pressure on the guaranteed institutions to justify their interest rates and to reduce them if they cannot.

8. REVERSE THE CUTBACK IN SKILLNETS

Fine Gael will reverse the cutback in funding for Skillnets companies. Over one hundred Skillnets companies provide enterprise-led training for employees all over the country. It provides relatively low-cost upskilling for employees which enhances their own employability and the capacity and competitiveness of the company for which they work.

Reversing the cut back will cost €10 million. We will finance this by reducing marginally the €146 million FAS budget for Corporate Affairs, administration and general expenses.

9. PROMPT PAYMENTS FROM GOVERNMENT AND CREDITORS

Businesses are suffering because creditors will not pay their bills. Among the worst offenders are the government and its agencies. Speaking at the Small Firms Association Annual Awards, An Taoiseach made a commitment that the government would pay its bills within 15 days. This has not been honoured.

Fine Gael will honour this commitment and will extend it to all government agencies, local authorities and state-owned companies. A hotline will be set up in the Minister's office and small businesses will be encouraged to report instances of late payment. We will also honour the commitment made by the Department of Enterprise, Trade and Employment to carry out a Late Payment Survey which has since been abandoned.

In May 2009, Fine Gael published the Small Claims Court (Protection of Small Business) Bill (Appendix C). If enacted, small firms will be allowed to use the Small Claims Court procedure to pursue creditors who do not pay up.

10. CUT THE COST OF RED-TAPE

Red-tape and over-regulation is stifling small business. The government failed to regulate the banks and the construction industry but seems to have a fetish for tying up small companies in red-tape. Research shows that a small firm in Ireland employing just eight people devotes half of one person's time to filling out forms. A medium-sized business may have to fill in as many as eighty forms in one year to meet the requirements of various government bodies. In 2006, the government's own estimate of the cost of unnecessary regulation was €582 million.

Fine Gael has argued consistently for a reduction in the administrative cost of regulation. This is not to be confused with advocacy for light-touch regulation or reduced regulation per se. Following pressure from Fine Gael in the Dáil, the government announced a target of reducing red-tape by 25% by the end of 2012. To date, however, there has been little activity by the government in this regard. The Government has yet to calculate the baseline cost of administrative burden of regulation and the Economic Intelligence Unit's report on regulation in Ireland has yet to be published.

In addition, the Regulatory Impact Assessments (RIAs) which assesses the cost that new laws and regulations will impose on business are done poorly or not at all. For example, the government decided not to carry out an RIA for the far-reaching Employment Law Compliance Bill.

Fine Gael's approach in this area is based on the following principles:

- Cut red tape associated with existing regulations
- Lower the administrative cost to business of existing regulations

To achieve this Fine Gael proposes:

- 1) To reduce the cost of red-tape by 25% by 2012 using the International Standards Costs Model (SCM) that was used successfully in United Kingdom, the Netherlands and Austria. We will also set an interim target of 10% by mid-2010 against which progress may be judged.
- 2) Regulation Impact Assessments (RIAs) will be carried out using a consistent standard format for all new legislation

- 3) As part of Fine Gael's E-Day proposal, all returns to government agencies will be made on-line by January 1st 2011. Each company will have a single identifier allowing information to be easily shared across departments.

11. LOCAL GOVERNMENT 'BUSINESS & EMPLOYMENT UNITS'

Fine Gael has already proposed in its 'Power to the People' document to merge the City & County Enterprise Boards along with numerous other local and national agencies into the local government structure to form new 'Business & Employment Units' within local authorities. These mergers will save over €70 million a year in overhead costs such as rent, websites and administration and will infuse local authorities a new enterprise focus.

Enterprise Units will be funded from the Department of Enterprise, Trade and Employment. Local authorities will be allowed greater flexibility in determining grant limits, thresholds and the type of companies that may be supported within parameters set down by the Minister for Enterprise, Trade and Employment. A 'Business and Employment' unit would act as 'one stop shop' for all local business needs and support by having the multiple business support agencies under one roof.

12. MAKING IT EASIER FOR IRISH SMEs to WIN PUBLIC TENDERS

The Government is the largest single purchaser of goods and services in Ireland. Too often its procurement processes are time consuming and cumbersome. They place overly onerous conditions on SMEs and require too much information. State-owned companies and state agencies can afford to run multiple stage tender processes where the expense is borne by the SME. The cost to the SME can be measured in managerial time, opportunity costs and additional expenditure on pre-qualification criteria such as insurance.

In many cases, public bodies operate the same terms and conditions regardless of the scale of the contract. For example, the level of insurance required may not change as contracts differ.

SMEs are often unable to bid for government work because tenders are not offered in smaller lots. Greater weighting in the tendering process should be given to compliance with labour laws, environmental standards and corporate social responsibility.

It is critical that an environment is created in which SMEs can cost-effectively participate in public tendering processes. If the system is cost effective for the SME, it will be also be cost effective for the purchasing agency.

For tenders up to the limit requiring advertisement in the EU Official Journal, there should be a limit of three stages in any procurement process:

1. Prequalification questionnaire if required
2. The Initial Application Submission
3. Interview

From the outset, the timeframe for the decision should also be published so that tendering companies know that decisions will be taken within an agreed date. The scoring framework should also be published as part of the initial tender briefing document so that the selection criteria are known from the outset.

13. REDUCE ENERGY COSTS

The cost to business of electricity is the second highest in Europe according to Eurostat and gas is considerably higher than in the United Kingdom where we purchase from. These high operating costs deters energy intensive companies from investing in Ireland. Last year an IDA business attitude survey reported that businesses in Ireland found energy costs as a significant negative to operating here.

The government's regulatory system for energy is flawed. The Commission for Energy Regulation (CER) have set prices very high in the past 12 months, partly in response to the \$148 a barrel peak during last summer. Since then the price of oil and gas have collapsed but prices in Ireland have not reflected this. In fact businesses in Ireland continue to pay more for electricity and gas than their UK counterparts. The 'hedging' of fossil fuels whereby energy companies buy their energy at a set price over a set time frame is no longer an excuse for the difference between the current price for energy supplies and the final cost of electricity and gas. The CER contend that they have to allow energy companies a reasonable rate of return in order to allow them to invest in the future. However, questions have to be answered whether this protects the energy companies from poor 'hedging' decisions and shelters companies from making difficult efficiency decisions at the expense of the consumer.

The time has come to radically reform this system. Firstly, there should be an immediate review of electricity and gas prices. The CER have indicated that energy prices will be reduced in October. If this is their position then there is no reason why they can't be reduced now.

Instead of fixing prices, the Commission for Energy Regulation (CER) should set a price ceiling. Businesses and consumer groups must be given the power to petition for a price review and public hearings should be held and the formula used to calculate the price ceiling published.

The CER must also publish their valuation of current electricity transmission assets as these are a factor in the final cost of electricity. There is a concern that these assets have been overvalued resulting in increased energy prices and profits for energy companies. Other European countries have full transparency in relation to the valuation used to measure transmission assets and have specific breakdowns on the supply / network costs. Eurostat collects and publishes these statistics. They prove that countries with higher network charges tend to have to highest overall electricity charges.

14. FREEZE LOCAL AUTHORITY RATES & GOVERNMENT CHARGES

The government is the main culprit in driving up business costs. Central government, local authorities, government agencies and regulators have increased their charges, levies and taxes much faster than the rate of inflation. Businesses have been hit hard by rising fuel and utility costs, rising labour costs, increased local authority rates and charges for refuse and water.

For decades, local authorities used the rate of inflation as a benchmark for increases in local authority rates. Ireland is now experiencing deflation, yet no local authority has cut rates.

Fine Gael proposes to freeze all government charges that apply to business and local authority rates for five years. Local Authorities that increase rates will face a reduction in their allocation from the Local Government Fund.

The Report of the Commission on Taxation is likely to propose significant changes to our system of local taxation. It is appropriate to wait for this report before committing to more far-reaching reform.

15. SUPPORT FOR START-UPS

As unemployment rises and incomes fall, more and more people will try to set up their own business. At present, government agencies like Enterprise Ireland, IDA Ireland, County & City Enterprise Boards are restricted in the type of business they can support.

Fine Gael believes that start-ups need a helping hand from government. We welcome the recent changes in eligibility made to the Back to Enterprise Allowance and the introduction of a Corporation Profit Tax exemption for start-ups which was announced in the October 2008 Budget. In government, Fine Gael will order an audit of all land and property owned by IDA and Enterprise Ireland in order to identify land and buildings that could be made available for incubator units for start-ups or used by local authorities to develop business parks or industrial estates

16. REDRAFT THE EMPLOYMENT LAW COMPLIANCE BILL

Fine Gael's objections to the Employment Law Compliance Bill are well known. In its current form, it has the potential to severely reduce employment creation and could result in loss of thousands of existing jobs. Our concerns about the Bill are shared by business organisations like IBEC, the SFA, ISME and Chambers Ireland.

The Bill establishes the National Employment Rights Authority (NERA) on a statutory footing, creates 23 new criminal offences where civil redress would be more appropriate and gives NERA far-reaching powers to raid business and seize documents and property. It does not grant any new rights or entitlements to workers.

17. STRENGTHEN THE VOICE OF SMALL BUSINESS

The future of Social Partnership is unclear. One of the flaws of the Fianna Fail model of Social Partnership was the exclusion of the self-employed, consumer representatives and non-unionised employees from the process. Small Business is ably represented by the Small Firms Association (SFA) but the government has consistently refused entry to Social Partnership to Independent Small and Medium Enterprises (ISME). Fine Gael re-iterates its commitment to recognise ISME as a social partner.

18. CODE OF CONDUCT FOR RETAILERS and SUPPLIERS

Fine Gael has championed the cause of consumers through our Rip-Off campaigns. It is not acceptable that Irish consumers have to pay more for groceries, clothing, footwear and services than consumers in other countries.

We have always understood that multiple factors have caused prices in Ireland to rise higher than those in the United Kingdom and other EU countries. These factors include the higher cost of doing business, higher incomes, barriers to competition, wider profit margins, differences in VAT rates and Excise duties and currency fluctuations.

We welcome the fact that retail prices are starting to fall but are concerned that some suppliers may use their size and dominant market position to put Irish suppliers out of business. Fine Gael is disappointed that the government has not introduced fair trade legislation. Fine Gael has already proposed the establishment of an Irish Fair Trading Agency (IFTA) which would be similar to the Office of Fair Trade in the United Kingdom. Moreover, the establishment of IFTA would allow for the development of code of conduct for retailers and suppliers.

Supporting and recognising the Agri-Food Sector as SMEs

The agriculture and food industries are often over looked when talking about the SME sector. Local farmers, food processing industries and auxiliary services provide local jobs and thus play an important role in many rural communities around the country. Up to 200,000 people depend on this industry for employment. These are very real businesses and are struggling from the same problems as businesses in other sectors such as high energy costs and excessive red tape.

Fine Gael has proposed an overhaul of the myriad of State Departments and agencies currently involved in food safety inspection and regulation with a view to establishing a single, food monitoring body. This would not only reduce red tape for small businesses but would also ensure consistency and efficiency in monitoring procedures. Fine Gael has also campaigned persistently for the introduction of adequate food labelling legislation to support producers and processors who adhere to strict quality and safety regulations but are struggling to compete with imports of questionable quality.

In addition to addressing these problems Fine Gael also proposes a new Code of Practice for the €14 billion grocery retail sector to promote fairness, balance and transparency. The United Kingdom Competition Commission introduced a Grocery Suppliers Code of Conduct in February 2009 to ensure fair trading practices. This followed a review of their supplier and grocery retail market which raised concerns that dominant retailers were abusing their market position at the expense of small argi food businesses.

Fine Gael has long campaigned for the merging of the Competition Authority and the National Consumer Agency into a new Irish Office of Fair Trading to strongly promote competition and the interests of consumers and local businesses. Such a body would be mandated to publish a Code of Practice for the retail grocery sector.

APPENDIX A	Fine Gael Fiscal Strategy
APPENDIX B	Industrial Relations (Protection of Employment) Bill 2008
APPENDIX C	Small Claims Court (Protection of Small Business) Bill 2009

Appendix A: Fine Gael Fiscal Strategy

**Protecting Employment,
Sharing the Burden,
Restoring Confidence**

	2009	2010	2011	2012
Cutting the the Public Sector Pay Bill of which:	750	2,500	3,250	3,750
- Freeze in pay (suspension of national pay agreement)	230	990	1,200	1,200
- Freeze in public sector salary increments	197	447	697	947
- 5% pay cut on public servants earning over €100k		90	90	90
- Hiring restrictions	200	400	400	400
- 15,000 person voluntary redundancy and early retirement programme		375	500	750
- Other savings (cuts in overtime through flexible hours, uncertified sick leave, restrictions on flexitime etc.)	123	198	363	363
A Smarter and Leaner State through "Performance Budgeting"	350	1,000	2,000	3,000
of which:				
- Cutting the cost of the political system (Oireachtas reform etc.)	8	15	15	15
- Drugs savings from generic prescribing and cuts in retailer / wholesaler margins	50	100	200	300
- Cut in subsidy to CIE through open tendering for new bus operators		50	100	150
- End FÁS support for employer training (shift to employer-driven networks)		75	100	150
- Rationalisation of agencies / programmes through stronger Local Government (VECs, Pobal etc, CEBs.)		60	100	150
- Cutting the Rent Allowance in line with housing market trends	50	75	75	75
- Step up cut in state payments for professional services to 12% (from 8%)	30	40	40	40
- Require OPW to demand cut in rents for Government buildings (legislate if necessary)	10	20	30	40
- Cut in the cost of running the asylum system (efficiencies and falling numbers)	50	75	100	125
- ePayments only for social welfare by 2011 (as part of a broader phasing out of cheques)			100	200
- Reformed Back to Work Enterprise Allowance	1	13	27	39
- Savings for Gov. departments and agencies from 20% cut in ESB prices		50	50	50
- ePublication Strategy (electronic only publication of reports, greater use of email	10	25	25	25

and cutting advertising cost through Internet				
- Sell eVoting machines	1	1	1	1
- Other savings needed from "Performance Budgeting" to cut the cost of Gov. (to draw from An Bord Snip etc.)	141	401	1,037	1,640
- Emergency suspension of all non-contracted discretionary day-to-day spending in 2009	500			
A Smarter Way to Invest for Jobs and Regional Development	800	2,370	2,595	2,720
of which:				
- Emergency suspension of uncommitted non-priority capital projects in 2009 (social and affordable housing; local roads)	500			
- Cost deflation through better contracting	300	1,200	1,300	1,300
- Move financing of water, broadband, energy, forestry "off balance sheet" under NewERA		920	920	920
- Use of Local Development Bonds to finance school, roads and hospital capital programmes		250	375	500
Keeping the Incentive to Work and Invest by Broadening the Tax Base	1,500	3,750	4,500	5,250
of which:				
- Abolition of remaining property tax reliefs		78	78	78
- Phased halving of interest relief on rental income		100	250	440
- Abolition of other unnecessary tax expenditures and standard rating of reliefs		300	400	500
- PRSI and healthy levy broadening (removal of threshold, exemptions and ceiling)	554	1,013	1,013	1,013
- New Solidarity Tax on All Personal Incomes (2% above €100k, 4% above €250k)	225	300	300	300
- Higher excises on cigs (50c), petrol (10c), diesel (15c)	435	616	616	616
- Carbon tax (over and above extra taxes on petrol / diesel - home heating fuels, gas, peat)		100	200	300
- Carbon windfall tax on ESB and other power generators	250	300	300	300
- €40k annual cap on top-end private pension contributions available for tax relief		500	500	500
- New tax compliance and enforcement measures and tax residency rules		200	400	600
- Other tax broadening measures to be agreed following Commission on Taxation)	36	421	771	1,121
Protecting Jobs	-337	-645	175	175
- Employers' PRSI exemption for businesses that expand employment	-10	-20	0	0
- Temporary cut in 13.5% reduced rate of	-200	-400	400	400

VAT to 10% until 2011 (net of additional 50% tax buoyancy)				
- Cut in standard rate of VAT (back to 21%) (net of additional 30% tax buoyancy)	-68	-138	-138	-138
- Abolish air tax (net of additional 30% tax buoyancy)	-60	-88	-88	-88
FG Fiscal Consolidation Measures (Gross)	3,563	8,975	12,520	14,895
Tax Buoyancy of 20%	713	1,795	2,504	2,979
FG Fiscal Consolidation Measures (Net of Tax Buoyancy)	2,850	7,180	10,016	11,916

Memo Items

	2009	2010	2011	2012	Total
Total savings on public spending	2,400	5,870	7,845	9,470	25,585
Total tax increases	1,163	3,105	4,675	5,425	14,366
as a % of total fiscal consolidation	33%	35%	37%	36%	36%
Total savings on pay	750	2,500	3,250	3,750	
as a % of total spending cuts	31%	43%	41%	40%	
as a % of total fiscal consolidation	21%	28%	26%	25%	
Savings from a Smarter State and "Performance Budgeting"					
	350	1,000	2,000	3,000	
as a % of total spending cuts	15%	17%	25%	32%	
as a % of total fiscal consolidation	10%	11%	16%	20%	
	2009	2010	2011	2012	
Pay (current spending)	750	2,500	3,250	3,750	10,250
Smarter Government through Performance Budgeting (current spending)	850	1,000	2,000	3,000	6,850
Capital spending	800	2,370	2,595	2,720	8,485
Tax broadening (net of stimulus)	1,163	3,105	4,675	5,425	14,366
	2009	2010	2011	2012	
Tax and Spending Measures by Year (Gross)	3,563	5,412	3,545	2,375	

Appendix B

AN BILLE CAIDRIMH THIONSCAIL (CAOMHNU'FOSTAI'UCHTA) (LEASU) 2009 INDUSTRIAL RELATIONS (PROTECTION OF EMPLOYMENT) (AMENDMENT) BILL 2009

As initiated

ARRANGEMENT OF SECTIONS

Section

1. Short Title and Commencement.
2. Principal Act defined.
3. Interpretation and definitions.
4. Composition of Joint Labour Committees.
5. Renewal of Existing Employment Regulation Orders.
6. Operation of Joint Labour Committees.

[No. 7 of 2009]

Acts referred to:

Industrial Relations Act 1946 1946, No. 26

Industrial Relations Act 1969 1969, No. 14

Industrial Relations Act 1990 1990, No. 19

Industrial Relations Acts 1946 to 2004

2

AN BILLE CAIDRIMH THIONSCAIL (CAOMHNU'FOSTAI'UCHTA) (LEASU) 2009 INDUSTRIAL RELATIONS (PROTECTION OF EMPLOYMENT) (AMENDMENT) BILL 2009

BILL

Entitled

AN ACT TO AMEND AND EXTEND THE INDUSTRIAL RELATIONS ACTS 1946 TO 2004; TO PROVIDE FOR THE COMPOSITION AND PROCEDURES OF JOINT LABOUR COMMITTEES, TO PROVIDE FOR THE RENEWAL OF EMPLOYMENT REGULATION ORDERS AND TO PROVIDE FOR CONNECTED MATTERS. BE IT ENACTED BY THE OIREACHTAS AS FOLLOWS:

1.—(1) This Act may be cited as the Industrial Relations (Protection of Employment) (Amendment) Act 2009.

(2) This Act will come into effect one month after it is passed.

2.—This Act and the Industrial Relations Acts 1946 to 2004 may be cited together as the Industrial Relations Acts and shall be construed together as one Act.

3.—In this Act:

“Act of 1990” means the Industrial Relations Act 1990;

“Principal Act” means the Industrial Relations Act 1946 as amended;

“the Court” means the Labour Court;

“rights commissioner” has the same meaning as under the Industrial Relations Act 1969;

“sector” refers to any particular sector of industry or services.

4.—(1) The Fifth Schedule of the Act of 1990 is amended by the substitution of the following for paragraphs 2 and 3:

“2. (1) A committee shall be appointed by the Court and shall consist of:

(a) a Chairperson, who shall be a rights commissioner;

(b) such number as the Court thinks fit of persons (in this Schedule referred to as representative (employer) members) who, in the opinion of the Court, represent employers in relation to whom the committee is to operate;

(c) an equal number of persons (in this Schedule referred to as representative (worker) members) who, in the opinion of the Court, represent workers in relation to whom the committee is to operate;

(d) in making an appointment under *paragraphs (b) and*

(c) the Court shall take all practicable steps to ensure that such representatives are representatives of the employers and workers, as the case may be, and shall in particular, have regard to the interests and protection of workers who are not members of a trade union, even in circumstances where they are represented by a trade union at the committee.

(2) The Chairperson of the committee shall not be vested with the right to vote on an employment regulation order. 20

(3) All decisions of the Committee shall be made by a simple majority of its members. Failure to reach a decision shall result in no employment regulation order being made.

(4) In order to constitute a meeting of the committee, the Chairperson and at least one third of the members shall be present.

(5) In order to constitute a meeting of the committee there shall be at least one of both the representative (employers) members and representative (workers) members present.

(6) Where a representative member of the committee ceases, in the opinion of the Court, to be representative of the employers or, as the case may be, workers whom he or she was appointed to represent, the Court shall determine his or her membership.

(7) The Court may, in its discretion, determine the membership of any representative member of a committee. Where the Court has so determined, the member shall cease to be a member of the committee.’’.

5.—An Employment Regulation Order which is in being at the time of the passing of this Act shall expire within six months of its passing, or upon the making of a new Order in accordance with the provisions of the Principal Act as amended, whichever be the earlier.

6.—(1) The Court shall not permit the establishment of more than one committee for a single sector.

(2) All committees shall operate on a national basis.

(3) Any Employment Regulation Order agreed after the commencement of this Act shall apply to all members of a particular sector.

**AN BILLE CAIDRIMH THIONSCAIL (CAOMHNU FOSTAI’OCHTA) (LEASU) 2009
INDUSTRIAL RELATIONS (PROTECTION OF EMPLOYMENT) (AMENDMENT) BILL 2009**

EXPLANATORY MEMORANDUM

Purpose of the Bill

The purpose of this Bill is to provide for a change in the composition of Joint Labour Committees and the manner in which they formulate Employment Regulation Orders, from one based on conflict between unions and employers to one based on consensus and partnership. The objective is to maintain a system of legally enforceable collective agreements but to ensure that there is a fair and equal environment between employers and employees in making these agreements.

Many of the Employment Regulation Orders (EROs) that have been created under the current system are constructed to promote and may be said to have led to the closure of numerous hotels, cafes, pubs and restaurants and the resultant loss of jobs. In particular, restrictions on Sunday work and high minimum rates for non-overtime pay on Sundays have caused difficulties for employers and employees. They have also given an unfair competitive advantage to parts of the country not covered by the particular ERO. Currently Joint Labour Committees consist of up to four representatives from Employers and Employee representative organisations and up to three independent members. These independent members carry the balance of power, the resulting position being that Employment Regulation Orders can be imposed on either the employers or the employees. This Bill will remove the independent members, and result in Joint Labour Committees consisting of equal numbers of representatives of employees and employers.

The effect of this will be that future Employment Regulation Orders will require that consensus is reached between employers and employees representatives, ensuring that they are therefore based on a spirit of partnership.

This process has been used successful, to date, in the form of Registered Employment Agreements (REA) in the construction industry, the printing industry, the drapery industry and electrical contractors. It has proven to be broadly satisfactory to both employers and employees.

Furthermore, this Bill will require that all existing Employment Regulation Orders will be reviewed by the newly constituted Joint Labour Committees within six months in order to ensure that they are agreeable to both employer and employee representatives.

Orders which are not agreeable to both parties shall cease.

Provisions of Bill:

Section 1 provides that the Bill on enactment shall be known as the Industrial Relations (Protection of Employment) (Amendment) Act 2009.

Section 2 defines the Principal Act.

Section 3 is the interpretation section.

Section 4 provides that Joint Labour Committees shall be composed of an equal number of representatives from employers and employees. The voting procedures are altered to ensure that Employment Regulation orders are reached by consensus. It also provides for an additional level of protection for workers who do not belong to a union.

Section 5 provides for the mandatory renewal of Employment Regulation Orders.

Section 6 provides that all Joint Labour Committees and the Employment Regulation Orders they produce shall apply on a national basis. Currently, there are multiple Joint Labour Committees operating within a single industry resulting in differing benefits and protections for workers within the same industry.

An Teachta Leo Varadkar, Feabhra 2009..

Appendix C

AN BILLE UM ÉILIMH BHEAA (MIONGHNNÓTHAÍ A CHOSAINT) 2009
SMALL CLAIMS (PROTECTION OF SMALL BUSINESSES) BILL 2009

Mar a tionscnaíodh
As initiated

ARRANGEMENT OF SECTIONS

Section

1. Short title and commencement.
2. Amendment of District Court Rules.

AN BILLE UM ÉILIMH BHEAA (MIONGHNNÓTHAÍ A CHOSAIN) 2009 SMALL CLAIMS (PROTECTION OF SMALL BUSINESSES) BILL 2009

BILL

entitled

AN ACT TO PROVIDE FOR THE AMENDMENT OF THE DISTRICT COURT RULES; TO PROVIDE THAT VENDORS MAY USE THE SMALL CLAIMS PROCEDURE FOR THE RECOVERY OF SMALL DEBTS AND TO PROVIDE FOR CONNECTED MATTERS. BE IT ENACTED BY THE OIREACHTAS AS FOLLOWS:

1.—(1) This Act may be cited as the Small Claims (Protection of Small Businesses) Act 2009.

(2) This Act will commence on the day of its enactment.

2.—Order 53A of the District Court Rules 1997 (S.I. No. 93 of 1997) is amended—

(a) by the substitution in the definition in Rule 1 of “small claim” of “€3,000” for “€1,269.74”,

(b) by the insertion of the following after the definition of “Form” into Rule 1 thereof:

“ ‘Purchaser’ means a person or body corporate who purchases goods or services of a type ordinarily supplied for purchase whether or not in the course of a business;”,

(c) by the insertion of the following after the definition of “Small Claims Registrar” into Rule 1 thereof:

“ ‘Vendor’ means a person or body corporate who provides goods or services for value in the 30 normal course of business”, And

(d) by the insertion of the following after (3) into Rule 1 thereof:

“(4) In relation to a contract, by the vendor against the purchaser in respect of any goods or services purchased for which payment is made on foot of an invoice to be paid within a specified period.”.

AN BILLE UM ÉILIMH BHEAA (MIONGHNNÓTHAÍ A CHOSAIN) 2009 SMALL CLAIMS (PROTECTION OF SMALL BUSINESSES) BILL 2009

EXPLANATORY MEMORANDUM

Purpose of Bill

The purpose of this Bill is to provide an efficient and inexpensive mechanism for small business to recover small debts from purchasers. Delayed payments and bad cheques are threatening the survival of many small and medium enterprises and forcing others into insolvency. This is particularly the case where a small firm has supplied goods, or installed services, which cannot be removed or which have a short shelf life.

This Bill is an important part of protecting jobs in small businesses who are closing due to reduced cash flow and is a first practical step in recognising the national importance of supporting small indigenous businesses as a means to sustained economic recovery.

The Small Claims Court is an alternative method for commencing and dealing with small claims, not exceeding \3,000. It is managed by the Small Claims Registrar who endeavours to settle the dispute between the parties; if it cannot be settled the matter is referred to the District Court for hearing.

The small claims procedure currently applies certain tort and residential tenancy matters. It applies to consumer contracts, but only by a consumer against a vendor. This Bill will provide that a vendor may use this procedure against a consumer to recover a sum of less than \3,000. Accordingly, the Bill increases the amount that can be recovered from €1,269.74 which had been set in 1997 (£1,000) and represents a more realistic value for today's prices for a suite of home or office furniture or other household or small business expense.

While the Small Claims Court is important for consumer to be able to seek redress quickly and cheaply, it is equally important that small business have access to this service as an alternative to costly and lengthy court proceedings particularly in the context of reduced credit facilities and the threat of further job losses.

Provisions of Bill

Section 1 provides the short title. It also provides that the Act will commence immediately on enactment. This is a simple and straightforward Bill which should pass through the Houses of the Oireachtas very quickly. It is urgent and necessary and should not be subject to any delay to enable small businesses recover losses in the face of unnecessary reduced credit from banks.

Section 2 provides for the amendment of the District Court Rules. The District Court Rules govern the Small Claims Court procedure.

Deputy Leo Varadkar, May, 2009.