

WAGE FREEZE ESSENTIAL FOR RECOVERY

- **Government influenced costs must be curtailed.**
- **Social Welfare trap hampering employment growth.**

ISME, Wednesday 2nd July, 2014.

At the release of the latest Live Register figures today (2nd July), **ISME, Irish Small and Medium Enterprises Association**, warned that uncompetitive wage demands and government cost increases would damage economic recovery, stifle SME growth and hamper job creation. The Association called for a twelve month wage and government costs freeze.

The seasonally adjusted Live Register figure currently stands at 11.6%. There are now 386,200 people signing on the dole, a reduction of 4,400 in the month. Long-term claimants account for 47.4% of the total.

Mark Fielding, ISME CEO, commented, "Economic recovery is dependent on our ability to retain and improve competitiveness. Government is responsible for creating a business environment in which SMEs have the opportunity to thrive but it is failing in this task. State-influenced business costs must be reduced immediately. A more competitive business environment would go a long way towards helping economic recovery."

"Employers, both private and public, are facing increased wage pressures in light of unreasonable Union demands. There is simply no room for manoeuvre on wages at present and no justification for such demands in a low-inflation economy. Jobs will be lost unless Government and Employers hold the line on wages for at least the next twelve months. Ireland is already a high-wage economy with the social welfare trap making it difficult to fill necessary low-skilled jobs."

The Association called on the Government to:

- Focus on cost-competitiveness related to our international competitors.
- Hold fast on public sector wage demands.
- Overhaul the social welfare system to make it worthwhile for people to work.
- Increase job-rich infrastructure investment.
- Attack the scourge of ever-increasing black-market activity.
- Address the lack of bank credit for productive SMEs.

"The Government cannot simply sit and wait for SMEs to create new jobs. They must assist owner-managers by cutting state-influenced costs and overhaul the social welfare system to make it profitable and worthwhile for people to work. In addition, wage rates must be held, which in the medium term will allow for new recruitment", concluded Fielding.

ENDS.

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Note to Editors:

ISME is the only independent voice of Small & Medium business in Ireland, representing in excess of 9,000 members across all sectors. The Association is owned and run by owner managers and is independent of big business, government and unions; the TRUE voice of the Irish SME. www.isme.ie