

Second Meeting of the SME and State Bodies Group

20th January 2021, 3.30pm

Ministerial Attendees:

- An Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar TD
- Minister for Finance, Pascal Donohoe TD
- Minister for Public Expenditure and Reform, Michael McGrath TD
- Minister of State Damien English TD

Note of Meeting

Opening Remarks

Declan Hughes, Assistant Secretary Department of Enterprise, Trade and Employment (DETE), opened the meeting and welcomed the attendees. Mr Hughes outlined that the meeting was future focused on the post COVID-19 economic recovery.

An Tánaiste, Minister McGrath and Minister English acknowledged the challenging times being experienced and the State provided financial schemes available to assist businesses respond. The Tánaiste welcomed the attendees and looked forward to the discussion.

Minister McGrath also encouraged the attendees to feed into the public consultation for the revised National Development Plan. Submissions are to be received by January 29th.

Tour de Table

The SME representatives were invited by An Tánaiste to make a brief submission of issues, both COVID-19 and Brexit related, and proposals for the medium term recovery.

Matters raised

- Contributors expressed appreciation for the range of Government schemes that have supported SMEs and their employees and welcomed the continuance of these schemes. A clear roadmap needs to be developed regarding the tapering of these supports so SMEs are not exposed financially.
- Third country status of trading from EU to Ireland via the UK is causing some difficulties for some SMEs.
- Concerns that costs of business (wages, PRSI, living wage) are increasing and will impact on SMEs as supports are withdrawn.
- Cash flow and liquidity is an issue for tech start-ups.
- Covid restrictions related opening and closing is very challenging for SMEs. It would be best if the next opening were the final one.

Possible Short to Medium Term Solutions

- The extension of CRSS and widening of eligibility criteria, Revenue debt forgiveness and a binding arbitration model on rent arrears should be considered.
- A plan is needed to identify how to encourage the spending of accrued savings, how to maximise the COVID Recovery Fund and maximise the Brexit Adjust Reserve.
- The planned EIIS review was welcomed. It was proposed that the EIIS incentivise private investment in seed investment through tax relief, standardising investment for four years and also allowing co-investors to qualify.
- A new United Kingdom (UK) – Ireland trading strategy is needed to grow exports to the UK in a post Brexit environment.
- Human capital needs to be preserved, developed and grown following the impact of the Covid Emergency. A review of skills in the hospitality sector by the Expert Group on Future Skills Needs was proposed.
- A review of the insolvency and examinership processes is needed in order to respond to the economic consequences of the Covid Emergency on business
- The subject of rent forbearance and the cost of insurance to business were raised.

Minister Donohoe referred to the public consultation on the EIIS for which all submissions will be accepted up to 12 February 2021 and will be considered in order to strengthen the scheme.

Minister Donohoe also noted the level of COVID 19 support in Ireland is amongst the highest within EU. There is a need to balance usefulness and sustainability. There is an expectation that warehoused taxes liabilities are paid in a way that is fair and proportional.

Banking & Payments Federation Ireland (BPF)

- BPF outlined that there was €72bn in deposits in Irish banks. €12bn of that has been saved in the last nine months. There is a need to look into incentives to encourage spending to boost the economy.
- In terms of lending, BPF stated that it was in the absolute interest of its members that they lend money, and that lending is based on affordability and suitability.

State Bodies

- The Covid Credit Guarantee Scheme (CCGS) now has 13 entities deploying funds, at low interest rates and attractive terms and conditions, with more to come online in the coming weeks. The demand for the CCGS is expected to increase as the economy opens up.
- There is increasing demand for supports and payment breaks for borrowings. Businesses are focusing on long term investment and related longer term funding, and refinancing in order to restructure debt. The EIIS review was welcomed and this presents an opportunity to leverage greater equity for SMEs. This is something that SMEs want and something that State Agencies support. There is support for a new

EIIS, to increase investor limits and extension of scope of funds that qualify for the scheme.

- At this point in time, uncertainty is leading to micro enterprises holding off on funding decisions. There is growing demand from micro enterprises for the standard start up micro finance loans.
- Feedback on the Future Growth Loan Scheme (FGLS) is positive.

Minister McGrath, Minister Donohoe, Minister English and Dr Orlaigh Quinn, Secretary General DETE, thanked all for their contribution and took note of the feedback and proposals made.

Declan Hughes closed the meeting and invited participants to e-mail any further/follow up comments for response.

Robbie Furlong

10th February 2021

Appendix A
List of Attendees

State Bodies Representatives

Organisation	Contact Name
Strategic Banking Corporation of Ireland	Nick Ashmore, Sean Farrell, Brian Colgan,
Ireland Strategic Investment Fund	Eugene Callaghan, Fergal McAleavey
Enterprise Ireland	Eleanor Forrest, Donal Leahy, Kevin Sherry
Department of Agriculture, Food and the Marine	Daniel Bassett, Angela Corcoran
Department of Enterprise, Trade and Employment	Dr. Orlaigh Quinn, Declan Hughes, Bernadette Hawkes, Robert Furlong, Jean Carberry, Fiona Kilcullen, Elizabeth Harvey, Marc McEntegart, Catherine Keogh
Department of Finance	Eric Gargan, John Palmer, Emma Cunningham
Central Bank of Ireland	Sharon Donnery, Fergal McCann
Department of Public Expenditure and Reform	Georgina Hughes-Elders
Microfinance Ireland	Garrett Stokes
Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media	Bernard O'Shea
Fáilte Ireland	Jenny De Saulles
Local Enterprise Offices	Oisín Geoghegan
European Investment Bank	Cormac Murphy
Credit Review Office	Catherine Collins

SME Bodies Representatives

Organisation	Contact Name
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Irish SME Association	Neil McDonnell
IBEC	Danny McCoy
Small Firms Association	Sven Spollen-Behrens
Chambers Ireland	Ian Talbot
Irish Venture Capital Association	Sarah-Jane Larkin
Scale Ireland	Martina Fitzgerald
British Irish Chamber of Commerce	Paul Lynam
Dublin Chambers	Aebhric McGibney
Irish Hotel Federation	Tim Fenn
Restaurants Association of Ireland	Adrian Cummins
SME Recovery Ireland	John Moran
Irish Tourism Industry Confederation	Eoghan O'Mara Walsh
Family Business Network Ireland	John McGrane

Banking Representative

Organisation	Contact Name
Banking & Payments Federation Ireland	Brian Hayes, Marian Carville