

PRESS RELEASE

Friday, 17th July 2020

July stimulus package is the last chance for many Irish SMEs

Micro and small businesses report average fixed cost average losses of €153,000 in 'Covid-19 loss assessment' survey

A robust and fit for purpose July stimulus package that delivers the urgent low-cost liquidity, ideally in the form of grants, required by small businesses must be the Government's principal mechanism to ensure the SME sector survives. That's according to [SME Recovery Ireland](#) who today (17.07.20) have released findings from its second Covid-19 loss assessment survey which reveals that micro and small businesses, employing between 1-50 people, have reported that they have incurred average fixed cost losses of €153,583 since the Covid crisis began.

The sample survey conducted among 349 small and medium sized businesses between Monday, 6th and Tuesday, 14th July also shows:

- 8% have ceased trading permanently.
- 84% have availed of government income subsidies for their employees.
- 90% have experienced a reduction in revenue of 25% or more.
- Only 12% feel that current government supports are sufficient to help them recover.
- Only 29% feel confident that they could meet their current debt and leasing commitments if their pre-Covid trading levels did not resume.

Commenting, Chair of SME Recovery Ireland, John Moran said: "It is clear from our analysis that small firms are continuing to accumulate significant Covid losses and that there is a multibillion-euro void and a destruction of the resources needed to survive in the SME sector that has not gone away. This fragility in the sector is resulting in a growing lack of hope among business owners and today's findings demonstrate the low levels of confidence in the current government schemes. The low take-up of those demonstrate simply that they do not work to fix the problem. Going down the same road again will lead to the death of firms across the country and the lack of confidence will inhibit investment and rehiring by the firms that survive.

"Next week's July stimulus is the opportunity for the new Government to demonstrate that they are listening to small businesses and fully grasp their challenging situation. It is an opportunity to correct the mistakes made in the development of the existing failed support schemes. The domestic economy can be stimulated by instead injecting large scale liquidity into the sector, building confidence and demand which will in turn help to save the 1.5 million jobs supported by SMEs prior to Covid-19. It is also vital that the package contains the correct tools to stimulate spending by businesses and customers and that the measures do not result in businesses having to pile on additional debt or defer tax bills."

Mr Moran added: "As set out in our National Small Business Recovery Plan, the July stimulus must provide ambitious and targeted grants that will allow businesses get back on their feet by compensating them for the losses incurred while closed. Other EU countries have approached this correctly. For example, Denmark has introduced a €6bn small business compensation fund while at the same time supporting wage subsidy schemes. Ireland needs to take the same approach at a sufficient scale, and we can do this by utilising our access to low cost borrowing at EU level. Lack of time is the biggest treat now and for many small businesses the July stimulus will be their last chance. We must get it right if we are to avoid a case where only the strongest survive. That approach may help a few strong firms but not enough to save the domestic economy in towns and villages all over the country."

The National Small Business Recovery Plan put forward by SME Recovery Ireland sets out:

- The critical contribution small and medium businesses make to the social and economic fabric of Ireland's local communities, towns, and neighbourhoods.
- A required €15bn bailout for small businesses including a €9bn compensation scheme and €6bn of liquidity supports.
- The supports required to ensure there is consumer demand for small businesses when they are recapitalised and reopen.

Tourism and travel is one of the industry's worst affected within the SME sector during Covid-19, with 75% of businesses reporting they are experiencing 90% or greater reduction in business activity when responding to the SME Recovery Ireland Survey.

Foxford Woollen Mills an SME based in Co. Mayo employing up to 80 people is one such business that heavily relies on tourism and travel. Managing Director, Joe Queenan, said: "While we were able to reopen the retail and food operation of the business, the manufacturing end still remains on a skeleton staff as the tourism customer base on which we heavily rely has completely dropped off. A lot of uncertainty remains ahead and from a manufacturing point of view the next six to nine months will be a write off. We expect it will be a very slow return to whatever will be the new normal. The retail tourism industry is huge, and it employs a lot of people in the West of Ireland both directly and indirectly. When you are trying to rebuild a business that has been flattened, adding more debt to the balance sheet just is not the solution. It must be mixed in with grant substantial supports."

For full details of SME Recovery Ireland's National Small Business Recovery Plan, visit: www.smerecovery.ie.

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Notes to editors:

- Chair of SME Recovery Ireland, John Moran is available for interview upon request.
- SME Recovery Ireland's National Small Business Recovery Plan is available to download [here](#).
- Follow SME Recovery Ireland on social media:
 - Twitter: [@SMERecoveryIrl](https://twitter.com/SMERecoveryIrl)

About SME Recovery Ireland

SME Recovery Ireland is an umbrella platform established by business representative groups and small business owners to develop and advocate for a recovery plan for the small business sector for implementation as part of the Government's Covid-19 National Recovery Plan. The National Small Business Recovery Plan published by SME Recovery Ireland is a dynamic plan that allows us to continue to identify policies and interventions that will help a broad population of SME's. The plan focuses on key generally applicable principles and corresponding key policy interventions that are required to stabilise and recapitalise the small business sector so that employment and economic activity can be restored. More detailed sector specific matters will continue to be identified and advocated for by sectoral representative groups.