

PRESS RELEASE

Tuesday, 30th July 2020

Failed Covid-19 small business debt-based supports must be scrapped to provide immediate grant-based liquidity to small businesses

Small and medium businesses across Ireland are at real risk of dying and urgently need a bailout of €15bn including an immediate injection of large-scale liquidity support worth €6bn to survive the impact of Covid-19. That is the call from [SME Recovery Ireland](#), which today (30.06.20) will appear before the Oireachtas Special Committee on Covid-19 Response to outline why the existing failed small business support schemes introduced by the previous Government in May 2020 should be scrapped and repurposed.

Commenting, Chair of SME Recovery Ireland, John Moran said: “The July Stimulus Package must immediately make lower cost liquidity available for firms and include a major fiscal grant scheme if the sector is to survive. The €6.5bn support package announced by Government two months ago simply has not worked, with only €100m drawn down to date. The time and paperwork required to apply for these schemes is a luxury that businesses no longer have, with many already closing their doors permanently. More importantly, the last thing they want is to create a mountain of debt they cannot repay. If the incoming Government engages directly with small firms, they will quickly understand that easy access to cash grants and not debt is the only measure that will really save them. Words of encouragement or schemes on paper simply will not suffice at this stage.

“Unlike the last crisis, because of EU solidarity, we have the capacity this time round to borrow at low interest rates and we must seize this opportunity to use that cash to invest in our small businesses. Ramped up borrowing and the repurposing of the unused portion of the support schemes already committed by Government will go a long way to getting people back to work in the SME sector, which supported 1.5 million jobs prior to the pandemic.

“SMEs have lost up to three and half months of trading for 2020 and for many the recovery will be very slow. The scheme set out in our National Small Business Recovery Plan launched in May, would use the Revenue Commissioners to recapitalise firms based on how severe their Covid-19 related losses were. That is the fairest, fastest, and easiest way to quickly get cash into our ailing small firms.”

SME Recovery Ireland’s National Small Business Recovery Plan is based on three key guiding principles:

1. SME’s are vital to our social fabric – they are the lifeblood of our communities and have a disproportionate impact, particularly on our rural communities.
2. SME’s need to be recapitalised with a €15bn bailout using an equitable blend of policy instruments. €6bn needs to be released immediately as liquidity. If done as debt, it needs to be followed by a “debt for equity” swap and more grants to allow firms to get back on their feet and recover from their losses.
3. SME’s need a boost to consumer demand for their services.

Mr Moran added: “We are worried that up to now, the State is not getting ahead of the problem and does not appear to have an accurate handle on the huge cost of the pandemic to the SME sector. It is also concerning to see how Ireland has massively lagged our European counterparts in the scale and effectiveness of policy response with many of Ireland’s small businesses competing with firms across Europe. Our Government was admirably quick to support the income of employees at the outset of this crisis but there is a sense that the cries for help from small business owners have gone largely unheard.

“In Northern Ireland, for example, grants to the value of £25,000 were made available to stricken businesses in the retail, hospitality, tourism and leisure industries as early as the 18th April. In contrast, small businesses operating within the same industries down the road in the Republic of Ireland facing the same challenges have only been able to access grants up to €2,000, barely covering the costs of restarting let alone the costs incurred while forced to shut.

“We’ve also seen Germany invest over 25 per cent of GDP to support businesses; Denmark has a €6bn small business compensation fund; and France introduced a €300bn Government five year loan scheme charging as little as quarter of one percent on loans of up to three months of 2019 revenues or two years of wages paid for companies with revenues less than €1.5bn.”

As Chair, John Moran will represent SME Recovery Ireland at today’s Oireachtas Special Committee on Covid-19 with SME Recovery Ireland founder Derek Butler and small business owner, Jean McCabe. Mr Moran continued: “As elected representatives, the members should have an informed understanding of what will happen in our communities if we allow the failure of our small businesses at scale. Small businesses breathe oxygen into our local communities, not just in the employment they provide but also the support they give to local initiatives. It is they who sponsor the local GAA teams, buy tables at the local charity’s fund raiser, and who stimulate life into the local economy through their use of other local suppliers for their needs. For that reason, we need to see urgent and decisive action from our new Minister for Enterprise, Trade and Employment if our SME sector is not to be decimated.”

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. To date the Plan has been endorsed by 26 Irish industry bodies.