

SME and State Bodies Group

First Meeting - 10 July 2020, 2.30pm – Room 110, Kildare St.

Note of Meeting

Physical attendees:

- An Tánaiste and Minister for Business, Enterprise and Innovation, Leo Varadkar TD
- Minister for Finance, Pascal Donohoe TD
- Minister of State Damien English TD
- Minister of State Robert Troy TD
- Dr. Orlaigh Quinn (Secretary General), Declan Hughes (A/Sec) – DBEI
- Emma Cunningham, Assistant Secretary, Department of Finance
- Ian Talbot – Chief Executive, Chambers Ireland
- Sven Spollen-Behrens, Director, SFA
- Neil McDonnell, CEO, ISME
- Danny McCoy, CEO, Ibec
- Derek Butler – SME Recovery Ireland

Remote attendees:

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| Strategic Banking Corporation of Ireland | Nick Ashmore, CEO, Sean Farrell, Brian Colgan |
| Microfinance Ireland | Garrett Stokes, CEO |
| Ireland Strategic Investment Fund | Eugene Callaghan, CEO |
| Enterprise Ireland | Julie Sinnamon, CEO, Leo McAdams, Rowena Dwyer, Donal Leahy, Eleanor Forrest, Richard Murphy |
| European Investment Bank | Andrew McDowell, vice-President Cormac Murphy, EIB Office in Ireland |
| Local Enterprise Office | Oisín Geoghegan, CEO, Fingal LEO |
| Credit Review Office | Catherine Collins |
| Fáilte Ireland | Deborah Nolan |
| Central Bank of Ireland | Sharon Donnery, Fergal McCann |
| Department of Agriculture, Food and the Marine | Seán Bell, Angela Corcoran, Daniel Bassett |
| Department of Business | Jean Carberry, Conor Verdon, Joseph Moore, Thomas Murray, Ciaran McLoughlin, Elizabeth Harvey, David Hegarty, Michael Clifford, Alan Power, |

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| | Marc McEntegart, Stuart Keegan, Catherine Keogh |
| Department of Finance | John Palmer, Eric Gargan, Leona Cantillon, Heather Cuddy |
| Department of Public Expenditure and Reform | Georgina Hughes Elders, Sue Blood, Andrew Gray, David Maloney |
| Department of Transport, Tourism and Sport | Bernard O'Shea |

Summary note of meeting:

Opening remarks by An Tánaiste: The Tánaiste welcomed attendees and noted that the meeting was timely as the July Stimulus Package is due to be published during the week commencing 20 July. This will be followed in October by the National Economic Plan. Focus today is on ways to enhance access to finance support.

Opening remarks by Minister for Finance: The Minister for Finance emphasised the need for a phased response without compromising the financial position. The Temporary Wage Subside Scheme (TWSS) had been very successful at keeping jobs. In terms of lending, the appetite for risk after a crisis is historically low. It is about getting a balance of terms attractive to SMEs but commercially viable for banks. Must make sure all risk is not with the taxpayer. Grants and other supports are not only solution – some companies may need to adapt and change.

Tour de table:

SME Groups:

There was a broad welcome for the TWSS and for revision of Restart Grant. Liquidity remained a major issue. A number of proposals were put forward in the context of the July Stimulus and beyond:

- A 12-month deferral of interest on loans and greater State guarantee of loans;
- Town centre taskforce and targeting of sectors;
- Retention of TWSS for a limited period by companies that surpass 25pc loss of revenue threshold, or phased reduction as revenue grows;
- Expansion of scope of Microfinance Ireland;
- Lending schemes hard to access - Swiss and UK lending model instructive;
- Reduction in VAT rate;
- Resolution mechanism that SMEs can afford - cost of examinership too high;
- A business certificate as an educational tool for business owners.

State Bodies and other remote attendees:

The meeting then heard contributions from SBCI, MFI, ISIF, EI , EIB, LEOs, Central Bank, Credit Review Office and Fáilte Ireland. Among the key points raised were:

- Risk appetite on the part of both banks and businesses remains an issue;
- Debt financing can decrease corporate investment so other models may be more appropriate, such as equity financing;
- Companies need to be clear on what the path to viability is – they need a funding plan;
- SMEs are all different so individual responses needed for each from bank;
- Possibility of MFI taking on companies with more than 10 people;
- Lower VAT rate could stimulate domestic demand stimulation in tourism sector;
- Engagement between third level institutions and SMEs very important – good opportunities for collaboration;
- Existing schemes are being enhanced: SBCI revising Working Capital Scheme, Credit Guarantee Scheme and Future Growth Loan Scheme. EI reopening Online Retail Scheme;
- Need for companies to be well equipped to exploit new technology;
- The Minister for Finance also requested the representative organisations to give some early thought to a possible scenario where, should social distancing continue to be the norm for an extended period of time, for example beyond the end of this year, and if a point was reached where these could no longer simply be financial supports at the scale that is currently being offered - what interventions would be appropriate for business?

Conclusion

The Tánaiste thanked attendees for their input, and proposed that the next meeting take place in September.

SME & Entrepreneurship Policy Unit

13 July 2020