

Leo Varadkar TD,  
Government Buildings,  
Merrion Street Upper,  
Dublin 2.

16<sup>th</sup> March 2020

Dear Taoiseach,

While acknowledging the risks to human health that the Government has been tackling well over the last few weeks, there is a material risk of a severe economic shock in the domestic economy in the near future. Sectors critical to maintaining normal life for citizens such as food and drink providers, creches and childcare facilities and retail are already under extreme pressure. The risk of hundreds of thousands of people signing onto social welfare within weeks is very real.

This will require as aggressive a government response as the illness and welfare proposals already announced. While we understand that public health is of central importance, the impact on broader society must be mitigated to the greatest extent possible if a severe squeeze on the Exchequer is to be avoided.

The leisure, sport, tourism, heritage, hair & beauty sectors employ hundreds of thousands of people, but operate on very low margins. They will not qualify for loans or the Enterprise Ireland centric schemes announced by DBEI in the past week. This puts many thousands of vulnerable but viable employers at risk. Only a significant injection of liquidity will allow them to trade through this recession.

We are an umbrella group employing hundreds of thousands of people across every town, village and city in the country. We need assistance immediately. Many of our businesses provide the social glue that holds local society together.

We require:

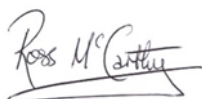
- 1) Working capital:** We are nearing a liquidity trap. To avoid it, the Central Bank must consider direct transfers to SMEs that are currently vulnerable, but otherwise viable. While this sounds drastic, the alternatives for the domestic economy will be worse. If not actual 'helicopter money,' this must be at low (or zero/negative) rates.
- 2) Social Welfare:** The COVID-19 Pandemic Unemployment Payment and other payments announced recently are welcome, but must be rapidly rolled out, with minimal bureaucracy. Many businesses in the sectors I noted above will not survive long, even with paying only €203 per week to employees, in the absence of turnover. In order to preserve viable businesses, we must urgently address the reintroduction of the Statutory Redundancy rebate,

which was ended in 2013 (even though employers' PRSI has included 0.5% to fund this since 1979).

**3) State controlled costs:** Allow businesses stagger or reschedule payments of tax, PRSI, USC, commercial rates and other state-controlled levies.

We hope to engage with the Government on these matters, but time is not on the government's side. The risk of a depression is real. The risk of contagion is real. The prospect of hundreds of thousands of citizens simultaneously signing onto social welfare is real. Social solidarity needs to operate at a societal level. It cannot be reserved for public sector workers alone. Our staff and our businesses need to have a chance of trading and working their way through the crisis that lies ahead, for the sake of everyone, but most importantly for our state workers.

Yours sincerely,



Ross McCarthy  
Chairperson, ISME

Copy            Heather Humphreys TD,  
                         Minister for Business, Enterprise and Innovation.  
                         Paschal Donohue TD,  
                         Minister of Finance

Hair and Beauty Industry Confederation (HABIC)	Irish Grain & Feed Association
Hairdressing Council of Ireland	Convenience Stores & Newsagents Association (CSNA)
Nursing Homes Ireland	The Irish Medical and Surgical Trade Association (IMSTA)
Synergy Hair Group	Health Stores Ireland
Irish Spa Association	The Association of Irish Racecourses Limited
The Irish Federation of Complementary Therapy Associations (FICTA)	The Irish Haemophilia Society
Irish Massage Therapist Association	Irish Gun Trade Association (IGTA)
Irish Hairdresser Federation	Irish Hardware & Building Materials Association
Association of Fine Jewellers	The Irish Association of Pensions Funds
Irish Jewellers Association	Irish Foster Care
Irish Weighing Association	Association of Landscape Contractors of Ireland
Agricultural Consultants Association	EIQA - The Excellence Ireland Quality Association
Irish Caravan & Camping Council	Garden Centre Association of Ireland
Irish Egg Association	Hire Association Europe
Irish Security Group	National Childminding Association of Ireland
Irish Thoroughbred Breeders Association (ITBA)	Animal Collectors Association