

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, health & 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:

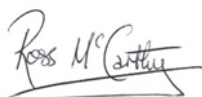
- 1) Working capital:** We are nearing a liquidity trap. To avoid it, the Central Bank must consider direct transfers to SMEs that are currently vulnerable, but otherwise viable. While this sounds drastic, the alternatives for the domestic economy will be worse. If not actual 'helicopter money,' this 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 (despite the fact that employers' PRSI has collected 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

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