



An Bille um Ráthaíocht Chreidmheasa (Leasú), 2020
Credit Guarantee (Amendment) Bill 2020

Meabhrán Mínitheach
Explanatory Memorandum



**AN BILLE UM RÁTHAÍOCHT CHREIDMHEASA (LEASÚ), 2020
CREDIT GUARANTEE (AMENDMENT) BILL 2020**

EXPLANATORY MEMORANDUM

Introduction

The purpose of this Bill is to make certain amendments to the Credit Guarantee Act 2012 (as amended) in order to support the needs of businesses to access additional finance as a result of the COVID-19 crisis by creating a specific COVID-19 Credit Guarantee Scheme.

Provisions of the Bill

Section 1 provides that references to “Act of 2012” means the Credit Guarantee Act 2012.

Section 2 amends Section 2(1) of the Act of 2012 to provide for the inclusion of a new definition of “COVID-19 credit guarantee scheme” in the Act of 2012 that is needed for other changes made elsewhere in this Bill.

Section 3 amends section 3 of the Act of 2012 to allow for the extension of classes of enterprises which can qualify for the COVID-19 credit guarantee scheme, to include small mid-caps. Primary producers are also to be included, but this will be done through the extension of classes of SMEs which qualify for the scheme through the statutory instrument establishing the COVID-19 credit guarantee scheme.

Section 4 amends section 4 of the Act of 2012 to include the new COVID-19 credit guarantee scheme within certain subsections of that section, thus giving the Minister the power to give guarantees. This section also disallows subsections (3) and (4) of section 4 of the Act of 2012 for the purposes of the COVID-19 credit guarantee scheme, as different provisions are being made for those aspects through the new section 4A which is being inserted by section 5 of this Bill. The existing scheme is subject to a portfolio cap of 13% under the 2012 Act (as amended) but there is no portfolio cap for the COVID-19 scheme; and the existing scheme has a maximum yearly credit amount which can be guaranteed of €150 million whereas the COVID-19 scheme has an overall maximum credit amount of €2 billion.

Section 5 introduces a new section 4A into the Act of 2012, which gives power to the Minister to give guarantees in accordance with the COVID-19 credit guarantee scheme. The COVID-19 scheme will be open for guarantees to be put in place until the 31st December 2020, or a later date (no later than 31st December 2021) as Ordered by the Minister with the consent of the Minister for Finance and the Minister for Public Expenditure and Reform. These guarantees will not extend beyond 6 years in duration. The maximum amount of credit to be covered by these guarantees will not

exceed €2 billion, and the Minister's liability in respect of those guarantees will not exceed €1.6 billion. Subsection 5 includes definitions relevant to this scheme.

Section 6 amends section 12 of the Credit Guarantee (Amendment) Act of 2016 to ensure that the maximum liability of the Minister in relation to the existing credit guarantee scheme shall remain as not exceeding €15.6 million, and that there will be a separate provision for a maximum liability in relation to the COVID-19 scheme (of €1.6 bn, included through new section 4A(4) outlined above).

Section 7 contains the short title and commencement arrangements.

*An Roinn Fiontar, Trádála agus Fostaíochta,
Iúil, 2020.*