



Submission to the Special Committee on Covid-19 response

Reopening the economy - the State's response and support for businesses

### **Background and Context**

In the context of re-opening the economy it is important to highlight the role of Údarás na Gaeltachta in the Gaeltacht. Údarás na Gaeltachta is the Enterprise Agency for all Gaeltacht companies, offering all the services offered by Enterprise Ireland, IDA Ireland and the LEO's to companies and businesses within the Gaeltacht in the 7 counties where the Gaeltacht is located.

The sustainability of the Gaeltacht is the key role of Údarás na Gaeltachta: In this case we rely on the classical approach to sustainability having three core pillars:

- Community
- Environment
- Economy

In the Gaeltacht, the environmental pillar is key to supporting and complimenting the economic pillar as without these working in tandem the social pillar – in other words the Irish speaking community cannot survive as there will be no jobs to support families and the continued existence of this rural community – let alone a Gaeltacht.

Údarás na Gaeltachta has become, by default, the commercial landlord for the industrial sector in the Gaeltacht with over 500 individual units at over 50 locations. Private sector developers are risk averse and the risk of development of property in what is a very rural environment in the Gaeltacht has prevented any significant development of factories and industrial units in the region. Údarás has maintained it's active role in the provision of factories and industrial units for rent or purchase in the Gaeltacht, without which the 7,800 (per ABSEI survey 2019) employees would not be employed in the Gaeltacht.

Gaeltacht companies are universally rural and have been variously impacted by Covid 19. Údarás undertook a survey of companies and some 27% of employees at that time had been put on Furlough / temporary Lay-off. There is a very significant concern that that number has increased further and the Údarás is undertaking a new survey this week to update numbers. Companies are very concerned about the dual impacts of Covid 19 and Brexit, and it is not at all clear when employers will be able to re-engage with employees in many sectors.

The impact across sectors is very mixed. While certain sectors are doing very well, for example the Pharma and parts of the Food sector, other sectors are showing a very significant short-term impact, such as the Med-tech sector, where elective surgeries and therefore demand for products in that space went to zero. This sector is however highly confident of a full recovery. Other sectors such as Tourism related businesses, or food packaging for consumer ready prepared foods are not at all sure as to the long-term impacts on their businesses.

Sectors with little negative Impact	Sectors with short sharp Impact	Sectors with possible Longer Term Impact
Pharma	Bio-med Devices (Elective procedures)	Tourism and all related activities
Food and Food Packaging sold through shops	Engineering - Automotive	Engineering - Aeronautical
Software / Electronic services	Engineering – Domestic / Industrial products / services	Coláistí Samhraidh (Gaeltacht Summer schools and related)

Company size is a major issue in terms of the severity of impact from the crisis. Small and young companies where cash is tight and where “gravitas” and long-term relationships are not well established are much more susceptible to long term impacts and to having cash to survive periods of heavily reduced activity and particularly reduced sales.

The predominance of businesses in the Gaeltacht are – micro companies employing less than 10 people, with a disproportionately high number in Tourism related sectors.

### **Supports for SME's**

It is the view of Údarás na Gaeltachta that supports for these predominantly micro and small companies should be provided as follows:

1. **Rent Relief:** On a case by case basis there must be an evaluation of the affordability of rent for companies that have been heavily impacted, and where enterprises cannot afford to pay rent for a period, the Údarás should be allowed to offer rent forgiveness, as much of the private sector has been forced to do. However, Údarás will require additional exchequer funding to replace that rental income to allow the organisation to balance its budget. The current best estimate for the income deficit in the current year is €2,500,000
2. **Covid 19 response grants:** Údarás na Gaeltachta has been endeavouring to work with companies to address their short-term cash needs and to allow them to plan for their exit from the crisis. In this context, Údarás is working very closely with Enterprise Ireland and its client companies, who fill the EI criteria, to have access to all the support schemes of EI. However, Údarás companies are not attracted to the repayable grants schemes (loans) and we are seeing very limited demand for the repayable grants as, we believe, are EI. We propose that a preference share capital scheme is much more relevant as has been started by EI but with a broader application in smaller companies (in other words applied to smaller requirements of small SME's and not just to larger SME's). In this respect, Údarás na Gaeltachta is seeking to have €10,000,000 of the publicised €180,000,000 ring fenced for application to Gaeltacht companies and to be administered by an tÚdarás.
3. There has been a very significant demand for assistance from the “**Business Continuity Voucher**” as is offered by the LEO's. Údarás, however, has not secured any further funding from the exchequer to fund this scheme, and we have now exhausted available budget. Údarás will require an additional allocation of approximately €400,000 to fund anticipated demand.
4. **Digital Hubs 'Gréasáin Digiteach na Gaeltachta - gteic':** Údarás na Gaeltachta has been developing a network of digital hubs around the Gaeltacht which are branded as “gteic”. It is planned to have some 27 gteic's open by the current year end. The Covid 19 crisis has forced many workers to work remotely (from home). The key finding is that people has discovered

that remote working can work – and that the benefit to workers not having to commute is huge. However, the downside to working from home are significant and include:

- a. Not being able to close the door on the office and “to work”
- b. Distraction (home schooling of children, domestic tasks etc)
- c. Insufficient Braodband connection
- d. Adult company and a supportive working environment
- e. And several other.

All of the above is increasing the market demand for digital hubs which combine the benefits of a short commute with an excellent working environment.

Údarás needs to employ a gteic network manager to support and manage the overall network and support emerging and innovative companies with training etc. To do this Údarás requires an additional €150,000 per annum to employ such a manager and assistant to undertake the marketing, management and training support for the **Gréasáin Digiteach na Gaeltachta, it's** network of gteics.