

DÁIL ÉIREANN

COISTE SPEISIALTA UM FHREAGRA AR COVID-19

SPECIAL COMMITTEE ON COVID-19 RESPONSE

Dé Máirt, 30 Meitheamh 2020

Tuesday, 30 June 2020

Tháinig an Coiste le chéile ag 11 a.m.

The Committee met at 11 a.m.

Comhaltaí a bhí i láthair/Members present:

Teachtaí Dála/Deputies	
Richard Boyd Barrett,*	
Colm Brophy,	
Colm Burke,	
Mary Butler,	
Jennifer Carroll MacNeill,	
Sorca Clarke,*	
Michael Collins,	
David Cullinane,	
Gary Gannon,*	
Steven Matthews,*	
John McGuinness,	
Imelda Munster,*	
Catherine Murphy,*	
Paul Murphy,*	
Fergus O'Dowd,	
Darren O'Rourke,*	
Éamon Ó Cuív,*	
Aengus Ó Snodaigh,*	
Matt Shanahan,	
Duncan Smith,	
Niamh Smyth.*	

* In éagmais/In the absence of Deputies Matt Carthy, Pearse Doherty, Stephen Donnelly, Norma Foley, Louise O'Reilly, Róisín Shortall, Bríd Smith and Ossian Smyth.

Teachta/Deputy Michael McNamara sa Chathaoir/in the Chair.

Business of Special Committee

Chairman: The committee has been notified that Deputies Ó Cuív, Niamh Smyth, Catherine Murphy, Gannon, O'Rourke, Munster, Ó Snodaigh, Clarke, Boyd Barrett, Paul Murphy and Matthews will substitute for party colleagues today.

I congratulate Deputies Stephen Donnelly and Norma Foley on their appointments to the Government. Both Deputies were active members of this committee and we wish them well, as we do every other Member who will be a part of the Government in the coming days and weeks.

I will take it that the minutes of the meetings of 23 June and 25 June are agreed if nobody has anything to say about them.

Deputy Colm Burke: May I raise an issue?

Chairman: Yes.

Deputy Colm Burke: Last week, conflicting evidence was given by two people. A representative from the Irish Nurses and Midwives Organisation, INMO, told the committee about the number of healthcare workers who are still out sick and the evidence from Dr. Colm Henry on Thursday was the total opposite. The committee should write to both those witnesses to seek clarification on how they arrived at their figures because we have heard two different stories. One story is that 60% of healthcare workers who had been infected remain on sick leave and the other story is that 90% have fully recovered. It is important that the committee establishes the facts on this issue because it is relevant.

Chairman: That is a reasonable proposal. I would have thought that the committee should have a further session on that particular topic. I agree that we should write to those witnesses in advance.

Deputy Colm Burke: We should seek clarification on how those witnesses arrived at the figures they gave. There may be valid reasons for arriving at those figures but we should find out.

Chairman: Is that agreed? Agreed. That issue apart, are the minutes agreed?

Deputy Colm Burke: They are.

Chairman: I thank Deputies. I will take the 19 items of correspondence received as noted. Is that agreed? Agreed.

Following the meeting of the working group last Friday, and based on advice, the Dáil will be meeting in the Chamber as normal from next week. It was agreed that the committee will meet for two sessions on Tuesday mornings and three sessions on Fridays from next week.

Deputy Colm Brophy: I wish to raise an issue about that. We need to establish clarity on schedules for this committee and the Dáil as soon as possible. We have a situation where we are about to start a session and Deputies have been notified that should be present for a potential vote in the National Convention Centre at midday. That would run a coach-and-four through the middle of this session.

Chairman: Bilocation is beyond most of us.

Deputy Colm Brophy: It is. This situation is likely to continue.

Deputy Richard Boyd Barrett: The Deputy should speak for himself.

Deputy Colm Brophy: Perhaps Deputy Boyd Barrett is able to pull off bilocation. What are we going to do about this situation? Are we as a committee going to request some automatic full pairing? Are we going to just let it happen? We need to deal proactively with the Whip's office in this regard.

Deputy John McGuinness: While the 12 noon vote today is not an issue, we will have to participate in the votes after we finish here. We were notified just now that it is okay. I agree with the Chair for the future that we need to get sorted.

Deputy Catherine Murphy: I am on the Business Committee, as is Deputy Boyd Barrett. This was discussed yesterday. If there is a vote called, it will simply be deferred until later on. It is not going to be an issue for today but there is an issue in respect of the availability of this Chamber on Tuesday, Wednesday and Thursday in future and what arrangements might be made for the Covid committee or indeed other committees, and a transition period as well. That is something the committee will need to consider.

Chairman: We have agreed that we will meet on Tuesday mornings and Fridays because the Chamber will be in use by the plenary Dáil as normal on Tuesdays, Wednesdays and Thursdays. There is also the Seanad Chamber and the possibility of sitting there in the short term before it is possible to sit as normal.

Deputy Mary Butler: We all got that text last night to say there will be a vote at 12 noon. I rang the Chief Whip just before I came in here and he said the 12 noon vote is not an issue but there might be votes later on this evening.

Deputy Colm Brophy: I have a second point on the working group. I believe there was a discussion about reports on Friday.

Chairman: Interim reports, yes.

Deputy Colm Brophy: I was wondering when that will come back to us as a full committee, out of a working group discussion, to look at the proposals and make decisions. What is the thinking of the Chair and the working group? While I gather it is progressing quite a bit, I am not sure of the status of that Friday working group. Will the committee as a whole decide what reports we produce, when we produce them and so on?

Chairman: It would be logical that the committee as a whole has to agree. We are looking at some interim reporting at the end of this Dáil term. Maybe we could discuss that on Thursday as a committee.

Deputy Colm Brophy: I have no problem with that at all.

Impact of Covid-19: SME Recovery

Chairman: I welcome our witnesses to the committee. This morning's session is dealing with SME recovery. From committee room 1 we are joined by Mr. John A. Moran, chairman, and Mr. Derek Butler, founder of SME Recovery Ireland; and Ms Jean McCabe, managing di-

rector of Willow boutique.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

We expect witnesses to answer questions asked by the committee clearly and with candour, but witnesses can and should expect to be treated fairly and with respect and consideration at all times. If witnesses have any concern in that regard, I ask that they raise it immediately to the committee.

I invite Mr. Moran to make his opening statement. I ask that he limit it to five minutes. The statement has been circulated in advance.

Mr. John A. Moran: I thank the committee for inviting us to address this really important topic. SME Recovery Ireland is an umbrella platform. It has sprung up to give small businesses and the 1.5 million people relying on them a strong voice during the Covid emergency. Many of the principles that we use are of general application. I am here as chair and I am joined by Mr. Derek Foley Butler, founder of this initiative, and Ms Jean McCabe, who is a small business owner because we think it is really important that all of these conversations include the voices of actual business owners.

The committee already has our submission and has seen the plan so I can move fairly quickly. As I said, we are endorsed by some 26 industry bodies that have come to support the plan since it was first published in April. Five local authorities have also come behind the messaging in the plan and its measures. The most important message that I would pull out of the whole thing is as follows. Everybody is aware that SMEs across Ireland are dying at the moment. They need an urgent bailout of, we reckon, approximately €15 billion that involves an immediate cash injection of €6 billion, which is a much larger number than has been talked about in the past. This is required so that businesses would be restructured. The money needs to be given to them as grant aid and not as debt. We learned some lessons from the last crisis and we can talk about the importance of not having too much debt.

At a macro level I would mention that we cannot be afraid to spend this money. Unlike the last crisis we are now in a position where we can borrow and we need to use that borrowing on the most valuable choices for us. Dr. Stephen Kinsella has already addressed the committee. He went into this matter in some detail and explained how important investment is as opposed to things like structuring, wage support and the rest, and that investment is more useful. We would say that saving and investing in SMEs is now an investment to save the jobs in that sector. It can also be used, and should be used, to modernise the SMEs and create new jobs for the 21st century. That is the way to pull us out of the recession. There is no point in waiting. Perfection is the enemy of survival for many of these firms and we cannot wait. The July stimulus package presents an opportunity to introduce a scheme like ours to recapitalise firms, depending on the severity of their losses. The most important thing is that it needs to be fair, fast and done easily, for which we have recommended the Revenue Commissioners. The most important thing is that cash gets out quickly and in large amounts.

As I mentioned at the beginning, it is not a question of asking the academics like Dr. Kinsella and others or, indeed, us, one must ask the SMEs. By that we mean also small firms, not just big industry and their representatives because only they really understand on the ground what will save us. They have told us for the last couple of months that they need cash and not more mountains of debt.

The support package of the Government was announced as €6.5 billion only two months ago, built up in iterative pieces. The figure was based, because of the legislative vacuum of having no Government and an Oireachtas, on another crisis - the Brexit measures - where there was time to plan and gauge viability. We are saying that has not worked. In fact, the numbers show that only €100 million of cash has been disbursed in Ireland while across Europe there have been percentages ranging between 12% and 15% of GDP being disbursed to save industry. We need to move quickly to reallocate and change those schemes but base them on a pandemic, which has recognised that 34% of firms have closed completely and 85% have had their activities significantly restricted.

What worries me most, having been around for the last crisis, is that I do not think that the State is getting ahead of the problem and it is patching up. I do think we have a handle on the cost of the problem and the extent of the crisis, and I do not want to see us make the same mistakes again.

Our principles are very simple and are as follows. SMEs are critically important to the fabric of Ireland right across our rural communities and in our cities. We need to recapitalise them with a large amount of money. We think that is €15 billion, which we can debate later, with €6 billion released immediately as equity. We also need to give SMEs a boost to demand. What has been different is that for the last couple of months we have argued that we want this done as grants and not as debt. That is following what our European counterparts have done. Even up in Northern Ireland there are grants of £25,000 readily available to firms while our firms are looking at numerous pages of an application form. We are saying we need to move quickly and recognise the importance of the sector like what was done in the programme for Government but time is rapidly running out and we need to see urgent action. The members, as elected representatives, probably understand this as much as us, and realise that these businesses breathe oxygen into local communities. These businesses are the ones that support the local GAA teams and buy tables at charities. We need now, in a similar spirit of solidarity that they showed by closing their businesses to protect us, to act to protect them.

Deputy Mary Butler: I thank our guests for taking the time to come before the committee. I thank Mr. Moran for his statement. He stated that only €100 million of the €6.5 billion stimulus package has been drawn down and suggested that the funding should be reallocated. To where should the funds be reallocated to support SMEs most effectively? How can we improve what is on offer? What blind spots do we need to address?

Mr. John A. Moran: There is a lot in those questions. I hope that in the next couple of hours we will get into the matter in more detail. As I stated in my opening remarks, the most important point is that we need to get cash quickly to firms. Bills are piling up and need to be paid. A bill that is not paid by one firm impacts on another firm's revenue and creates a problem. The issue does not disappear as a result of a firm hiding from the bill. SMEs will not take on debt at 5% or 6% which involves filling in lengthy application forms. Some people have the view that the State has been very generous in its support of SMEs through allocating €6.5 billion, but the measures are not working. Firms have only taken up €100 million of that funding.

Prior to this session, my colleagues and I discussed how, in the previous crisis, the SME sector was riddled with debt, much of it taken on to fund property speculation. That held those firms back from being able to recover. Banks would not restructure their debt. They will not follow that path this time around. We need the State to release a large scheme of grant aid. It can do so in two phases. In our report, we have recommended that cash be made available quickly in this emergency phase. If that is in the form of loans, that is fine, as long as every firm knows that once they have calculated their losses, they can convert that debt into grants which can be issued by the Revenue. That will allow us to move quickly.

Deputy Mary Butler: I ask Mr. Moran to address the issue of the most effective reallocation of funds.

Mr. John A. Moran: The difficult part is that firms have built up losses and we need to get those losses sorted out. We have recommended that a firm-by-firm analysis be carried out by the Revenue. That will take a certain amount of time. The idea is to move it out quickly. There are many aspects to this issue. I do not think the guarantee scheme is working because the amount of the guarantee is not significant. It is restricted to banks. They are not the only ones providing debt at the moment. Many firms no longer have banking relationships. We need to find new mechanisms. The most important thing we could do through the July stimulus would be to find a way to scale the problem and announce that the aid is coming quickly and that firms will not be obliged to fill in lengthy application forms to draw it down. It involves relatively small amounts of cash compared with the value of the investment.

Deputy Mary Butler: I was a small business owner. Yesterday, I met the owner of a small business that specialises in occasional wear for children. Obviously, the business is seasonal and cash flow is essential. Stock has been sitting in the business premises for three months. Suppliers must be paid. I ask Ms McCabe to address the situation faced by that small business owner.

Ms Jean McCabe: I thank the committee for inviting me to participate in today's session. Fashion, retail and tourism have been significantly impacted, given their stock holding for the time of year. The Deputy's constituent who owns a children's clothes store was probably at her peak stock level due to new season stock coming in. There would have been a payment plan in that regard over the following three or four months, but obviously the business was closed. To reiterate the point made by Mr. Moran on not getting into more debt, many businesses, especially in the fashion industry, are reopening with significant debt because they were at their highest point of stock holding when businesses were forced to close. Taking on more debt is not an option because the trading environment going forward will be quite difficult. I am in the fashion business and have spoken to colleagues who are in the occasion wear sector. The challenges facing them are so great that they are at their wit's end as to whether to continue trading. That reinforces the point made by Mr. Moran on the need for quick action. Businesses need cash and liquidity now. That will feed back through the supply chain.

The important point is that the Government measures thus far have been drip fed. There have been continuous small stimuli, but they have not really instilled confidence. This is part of the message that the committee needs to give the business community and small and medium-sized businesses. The committee should remember that SMEs employ more people than anyone else in this country. We are dotted around the four corners of Ireland. We are the supporters of every GAA club, Sláintecare and local charities. We give back more than anyone else. An employee is not a number. Employees are our brothers, sisters and neighbours. It is important that the sector is recognised as the backbone of the Irish economy. It needs to be treated in this

way. I heard the chairman of the Irish Fiscal Advisory Council, Sebastian Barnes, say the same thing. He said the SME sector would determine how quickly we get out of this crisis. That is really important. Until now, the SME sector has not been part of Government policy. It has been a secondary thought. Everything is export-driven and about foreign direct investment. Right now, the domestic economy is where the opportunity is and this sector really needs support.

Deputy Mary Butler: On RTÉ's "Morning Ireland", Mr. Moran stated that support measures such as the extension of the wage subsidy scheme beyond August must be announced in a timely manner, ideally as part of the July stimulus package, to allow businesses to plan forward. How important is timing in respect of stimulus generally? How important is timing in terms of competing with SMEs in other European jurisdictions? As we know, retailers in particular are competing with online traders. How significant is timing as an ally in saving our SMEs?

Mr. John A. Moran: Timing is everything. Deputy Butler is asking questions to which I keep wanting to say, "Yes". She is absolutely right. Timing is critical. For those running a business, cash is already depleted. Most businesses run on two months of cash reserves, on average. They have been closed for three and a half months. They are now already very negative, as Ms McCabe has just said. If we wait another few months, it will be worse. I know it is difficult and the conversations that are taking place around the programme for Government have been long. The legislative vacuum has meant it has been difficult to get legislation introduced, but SMEs need to have a path they can follow. They need to know with certainty that stuff will arrive on time. They need to know when it is coming and that it will be significant enough in size to help them to plan their way forward.

They run on cycles. They need to know. This is why waiting until 28 August to extend the wage scheme means they do not know whether to keep people on the payroll for the following month or whether they will have the cash subsidy. We are talking about real people's lives. We need to recognise that we need to move quickly to find ways to help them to get through the crisis.

Deputy Mary Butler: I will follow on from that and ask about what happens in the event of a re-emergence of this virus. Concerns have been expressed in this regard by Dr. Tony Holohan and the World Health Organization as world travel begins to reopen. We are seeing all over Europe at the moment that the virus is re-emerging. How potentially devastating could a further period of lockdown be for small businesses?

Mr. John A. Moran: Again, it depends on the level of support from the Government. I am not sure if members heard the mayor of Leicester on the radio this morning. It was a really important reminder to us all that this virus has not gone away and that a second wave could come. The mayor was describing the fact that now, because of the lockdown in Leicester, balance sheets in businesses in Leicester will be disproportionately harmed, in effect because of the new lockdown measures in that city compared with businesses in other cities. Of course as part of the structuring of our new stimulus and what will happen in October, we could build in protections so that firms know exactly what would happen second time around if that were to recur in the country and to explain how they might get through that. Let us go back into history and look at what happened at the time of the Spanish flu. The cities that were absolutely devastated were those that got a second wave. I am unsure whether that was because the community could not quite do it a second time in terms of the support or, more likely, it was because firms and businesses were so significantly weakened by the first crisis that they simply could not battle their way through a second one. Deputy Butler asked me a question about timing. It is really

important that we move quickly and find a way to do it. As we said in our plan, this does not mean that all the measures will happen straight away and that they will be put in place.

Deputy Mary Butler: In his statement, Mr. Moran called for an immediate liquidity injection of €6 billion followed by a further €9 billion boost. Would a deferred loan scheme with 0% or low interest rates designed to help SMEs in the coming months be an effective way of getting liquidity flowing in the sector?

Mr. John A. Moran: We could get money out quickly. Early on, the Central Bank identified that we may need as much as €5 billion or €6 billion in liquidity. We have disbursed €100 million and we are at the end of the crisis. That a really bad indictment of our schemes when we think about it that way. We need to move quickly to get the money out. The fastest way is probably a very significant guarantee scheme that allows the banks and other lenders to get money out quickly. As Ms McCabe said, the problem is that getting money out as debt is not the answer either. Firms would be afraid to take on that money. The best way is to get the money out quickly as debt and then recapitalise it by doing a type of debt for equity arrangement. As the grants are disbursed, they could then be used to pay down the debt and firms would not have a legacy debt going into the last part of the recovery, where they would need more working capital to come through from the system.

Deputy Mary Butler: Gabhaim buíochas leis an Uasal Moran agus leis an gCathaoirleach.

Chairman: I have one follow-up question. Mr. Moran mentioned the localised restrictions in Leicester. In the event of a resurgence in some parts of the country, would it be better to impose localised restrictions or should restrictions be applied at national level, as all the measures to date have been?

Mr. John A. Moran: I am not equipped to answer that question. We have the benefit now of being able to watch what happens in Leicester. One of the advantages we have here is that many other countries have gone ahead of us and we need to learn from how their approaches have worked. The important message is that everybody listening to what is happening in Leicester today must realise the importance of good behaviour and of ensuring we do not have to answer that question by keeping the virus down. NPHE and other committees can analyse that much better than I can on the spur of the moment.

Chairman: Deputy Munster has ten minutes.

Deputy Imelda Munster: The programme for Government does not include any commitment to interest-free loans or new grants. There is only one Covid specific grant, the restart grant, which IBEC estimates to be worth on average €3,000 per firm, a minuscule amount in comparison with what other jurisdictions have provided as a restart grant for small and medium-sized businesses. I have spoken to small and medium-sized businesses and the various sectors and the greatest demand is for grant aid. Given that and in light of the costs involved in restarting businesses, is Mr. Moran disappointed that the programme for Government does not include specific interest-free loans or new grants?

Mr. John A. Moran: We would have loved if the programme for Government had simply accepted our programme and worked it through, as all the firms and business representatives have done. I recognise, having been a Secretary General, the difficulties presented by politics and how it comes into this. I took great comfort from the fact that when we started this conversation and launched this programme, SMEs were not being talked about. We see now in the

programme for Government a significant acknowledgement of the importance of SMEs. There is also an important line in the programme, which I assume meant that people did not know how much or what would be required yet, where it states the Government will consider providing much more grant aid for firms. We are taking that to mean that, hopefully, people in the Department of Finance and Central Bank are hard at work trying to work out the scale of the damage to SMEs in order to decide how to do this. We think it could be as much as €6 billion. Schemes that allow for €2,000 to be provided to businesses are simply not enough. It is important that we know what the damage has been. If we can work out the extent of it, whether it is €5 billion, €6 billion or €7 billion - whatever the right number is - we have to work out a way to recapitalise firms to allow them to recover from that loss. I reiterate that giving €6 billion of loans that people have to repay over the next six years is not going to be the solution.

Deputy Imelda Munster: Mr. Moran is not necessarily disappointed that there was no commitment in the programme for Government. Is he confident that these specific areas will be addressed in the Government's July stimulus package? The strongest demand among small businesses is for some form of additional grant aid. For those who can afford to borrow, interest-free loans are the only option given the predicament in which they find themselves and the uncertainty about the future. Is Mr. Moran confident that these issues will be addressed to the satisfaction of many of the small businesses he represents?

Mr. John A. Moran: I can only say I am hopeful that people are listening. I think that is happening. Of course, we do not decide. While we are delighted to have the opportunity to speak to the committee to try to explain matters, the committee will be a key part in ensuring that this happens. If its recommendations go across the Legislature, ultimately the committee will have decided, not us. We can explain what the problem is and we can try to explain what the solutions are, but we have to be dependent on all our politicians to make the right choices. I hope that they will because, as we said, this is an investment well worth making for the future of our country and getting out of this recession-----

Deputy Imelda Munster: I want to raise another issue that has come to the fore in the past week. Many small businesses have reopened, are coming under immense pressure from landlords in respect of their rents and are looking for repayment plans. Many people who have contacted me, particularly from small businesses, have said the pressure they are already coming under is intense. It might not just yet have come to the fore in vast volume but I suspect that in the coming weeks and months it will be a major issue. When I raised this matter with the then Minister for Business, Enterprise and Innovation, Deputy Humphreys, she responded that it is up to the business owner and the landlord. Does Mr. Moran believe that the Government should play a role in this in light of the pressure it is putting people under? Some local businesspeople have said that if their landlords continue to insist on specific repayment plans, it will put their businesses under enormous pressure, to the point where it may have to close.

Mr. John A. Moran: Landlords and rents are just costs for businesses. Ultimately, the choice we all have to face is who bears the burden. The loss of €6 billion or €7 billion will not just disappear into thin air, so we will have to find a fair way to allocate the costs. In some European countries, there have been conventions, or what one might call codes, where governments have brought together some of the major landlords to agree what the fair resolution of that would be-----

Deputy Imelda Munster: Should the new Government implement such a measure?

Mr. John A. Moran: There is no silver bullet here. It is a matter of having many different

measures. Having a code and an understanding of what is fair for landlords, businesses and the taxpayer, who is caught in the middle of all this, to bear is very important.

There are tools that can help. We talked in our report about bringing in examinership lite. The UK Government, as we understand it at the moment, is rushing through a new Bill on corporate insolvency to ensure that the balance of power between large banks and large landlords, on the one hand, and smaller firms, on the other, is in a different place. It is very similar to what we introduced the last time around in the context of personal insolvency. While there are improvements to be made, it is all about ensuring that firms will have more negotiating power and will not have to pay a fortune to lawyers and others to do that.

Deputy Imelda Munster: The Government seems to be slow in taking advantage of changes in state aid rules and the very low interest rates available in respect of lending internationally. Has Mr. Moran an opinion on that in light of the vast number of SMEs looking for interest-free loans if they are in a position to apply for them? He might comment on the fact that the Government has been slow to recognise that that is what businesses need.

Mr. John A. Moran: As I said, we need to move fast. A July stimulus has been negotiated in the programme for Government and that is where we will see whether the action is happening. Every day counts and, therefore, the more quickly it happens, the better.

Deputy Imelda Munster: Mr. Moran is seeking interest-free loans as a priority.

Mr. John A. Moran: We want to have cash in the system. Interest-free loans are still loans and they have to be paid back. There are some things that firms need money for, such as investment in innovation, where interest-free or low-cost loans are absolutely the right answer. For the stock that Ms McCabe mentioned, however, which will no longer be sold other than in a liquidation sale, an interest-free loan would not help. We need to recognise that it is a loss and compensate the firm for the loss so that it can buy stock for the next season.

Deputy Imelda Munster: I turn to something that is starting to come to the fore. Mr. Moran represents small and medium-sized businesses. We are all looking to encourage people, through the staycation campaign, to holiday in Ireland. Issues have been flagged recently regarding the many people, particularly families, who were quite stunned by what hotels quoted them for a short break. We are aware that hotels, and the tourism industry in particular, have been hit but families have been hit also. I have heard of quotes of €1,400 for a three-night stay in bed and breakfast accommodation. One could get to anywhere in Europe for a week or ten days for that sort of money. In the longer term, it is important that people do not feel they are being charged exorbitant amounts while being asked to stay at home for their holidays. If they are, it will do the hotel industry serious damage. If people feel they are being charged excessively for hotel stays when they feel they are doing the right thing by not travelling abroad, there is surely a point to be considered. Does Mr. Moran have an opinion on this? It will do the hotel industry damage in the long run if people feel they are being ripped off for staying at home. It is certainly not value for money for them or their families. Maybe Mr. Moran would have an opinion on whether hotels would be wise not to charge excessive rates for families in the forthcoming months.

Mr. John A. Moran: There are a couple of points I wish to clarify at the beginning. The Deputy says I represent SMEs but it is important to remind people that I really see myself as an independent chairman. I am not part of any representative group; I am adding some experience and expertise to help to tease out the policy issues at play. I believe representatives of the

Irish Hotels Federation are to appear before the committee this afternoon. I suspect they are the right people to ask the question. Yesterday I was talking to a hotel owner who predicts 25% occupancy in the hotel for the summer season. The hotel does not even break even at 35% or 40%. That is not to say the hotel will just increase its prices. To go back to first principles, it is really important that the Government act quickly and get ahead of the problem. If every one of the affected businesses, including hotels, understands what its cash flow is and that it is supported by Government measures to trade through one of the most difficult years of trading we will probably see in this country - a year even more difficult than any in the last crisis - it will indicate what the businesses need to have built into their processes. Whether a particular hotel is affected or not, it will allow all of the business to price properly in determining how to get out of this crisis.

I repeat what the Deputy said: we need to move quickly and at scale, and we need to find a way to give businesses certainty about what the next year and the year after will look like in terms of the supports they have from the Government.

Chairman: Is Deputy Brophy taking ten minutes?

Deputy Colm Brophy: Is the new system in operation?

Chairman: It is.

Deputy Colm Brophy: So I can take five minutes, followed immediately by the other five minutes-----

Chairman: Yes.

Deputy Colm Brophy: I believe Deputy Colm Burke wants to contribute after me so I will take five minutes initially and then let him take the other five.

I would like Mr. Moran to clarify something in respect of which he might not want to speak or act in a particular way. He keeps saying we want money out as quickly as possible and that there is an estimate of approximately €6 billion. This leads to a discussion on debt and loans, including low-cost and interest-only loans, all of which have been mentioned. Specifically, what is the primary way in which Mr. Moran would like the grant aid to be introduced by the Government, maybe in the July statement? Is it a fixed amount? Is it a proportional amount? Is it a pure grant? Should there be an element of a repayable low-cost loan? Should it be broken down on a sectoral basis? If Mr. Moran had two or three primary wishes regarding the approach, what would they be? I would appreciate it if he could respond relatively quickly because I want to go into another area of questioning.

Mr. John A. Moran: Let me try. This will help the conversation to run. When we set out the measures at the beginning of May, we identified three ways, or three periods, in this crisis. There was the initial emergency, for which cash was absolutely required as soon as possible at a low cost and in an attractive way. There was a recapitalisation of the firms for the second phase as they reopened and looked for new stock. There is also the recovery phase.

Deputy Colm Brophy: I am going to interrupt Mr. Moran as I want to ask a specific question. When he states that cash is required in the initial period, I am trying to deduce whether he is seeking a scheme like that in Northern Ireland, where everybody would get €25,000. Is he looking for small and medium enterprises to be able to say very quickly that they need €7,000 or €47,000, for example? Is a no strings attached cash grant being sought? Is it the first initia-

tive Mr. Moran wants to see, regardless of loans or anything else?

Mr. John A. Moran: I will try to keep it simple. If we imagine that everybody got €25,000 as a loan today and in phase 2, which comes relatively rapidly afterwards, we work out the losses of those firms, the firm that has €7,000 of losses would not have to repay €7,000 of the €25,000 loan.

Deputy Colm Brophy: That is the point I was not getting and I apologise for that. I started a business in 1993 and ran it as a small and medium enterprise until 2016. The €25,000 would be absolutely brilliant for some SMEs and absolutely nothing to others. Is this in the first instance to get money out quickly? Is the organisation seeking variable amounts or some type of instant and one-off payment to fit everything?

Mr. John A. Moran: I am not necessarily in favour of dispersing grants quickly to many firms, some of which may not need it.

Deputy Colm Brophy: Okay. I thank the witness.

Mr. John A. Moran: The measure being used in other countries is to disburse loan amounts at very low interest rates quickly based on their trading, for example. They might get three months of their revenue or twice their salary bill, for example, and they would be able to apply for it quickly. They would owe it to the Government unless they can prove that the Covid-19 losses they incurred come to a certain amount, in which case the amount would be written off.

Deputy Colm Brophy: I take it that is the primary proposal that Mr. Moran would like considered in the July statement.

Mr. John A. Moran: It is the way we set it out in May. The problem is we set it out in May but we are now at the end of June.

Deputy Colm Brophy: I agree. We know what happened and we cannot go back to May, so is that still Mr. Moran's primary request?

Mr. John A. Moran: Absolutely. However, there are other measures, including wage supports, that can be used to inject cash quickly into firms because they have already been used. They would not have been our first choice but they may be a very good substitute in the short term.

Deputy Colm Brophy: I thank the witness. I appreciate others hope to follow up on that. I have another question linked to a witness coming before the committee later today. The witness mentioned earlier the implications and real dangers of the necessity for a repeated national lockdown or a localised lockdown. Ironically, the SME sector feeds into hotels, restaurants and other businesses in communities and this is an interlocking matter. Ultimately, SMEs are part of the community. They comprise the people in the community, including neighbours, friends and families that we meet every day. They are the SME owners throughout the country.

Does the witness have a view on international travel into the country? There is much talk about Irish people going abroad, but what about opening our country to international travel? Without it, there are tranches of SMEs that will fail. That will happen if nobody arrives into Ireland, no matter how good a staycation is. Is Mr. Moran in favour of limited opening to support SMEs or does the organisation take a position on this?

Mr. John A. Moran: The Deputy wants a quick answer but I do not have an answer I can

give him in the short term. It is a complex matter and it depends on what measures are there and how we provide support. We must do everything we can to try to prevent a second wave and protect SMEs during that second wave if it comes.

Deputy Colm Brophy: That does not answer the question. Does Mr. Moran mean the second wave is more of a danger and we should not be opening to inward-bound tourism?

Mr. John A. Moran: The Deputy is trying to put words in my mouth. I am really saying that is not the focus of our report and we have not really been looking at that. We are focusing on how to repair the damaged SMEs so they can get back to trading through a process.

Deputy Colm Brophy: With due respect, I have run an SME in that area. It seems an organisation is speaking for SMEs but does not have a view on this. Grant aid is important but it is also important to know the opinion of an umbrella organisation for SMEs. Many SMEs are very much affected by this but the witness has indicated it is not an area he wishes to discuss.

Mr. John A. Moran: It is one of the decisions that will need to be made that will have an impact on the amount of losses that firms have. In the short term, by restricting travel, it may cause more losses. If a second wave were to be caused, that would create even more losses. There is a balance to be achieved.

Deputy Colm Brophy: What is Mr. Moran's view, or does he have a view?

Mr. John A. Moran: I say that we could increase or decrease the amount of grant aid we get to firms in order for those decisions to be no longer mono-dimensional. The difficulty up to now is that many of the decisions we have taken about reopening dates, closing dates, 1 m or 2 m all have economic consequences. If the State is prepared to underwrite those decisions, I am sure many of the SMEs would not mind as much about it. When we do not underwrite the consequences of those decisions, like the people in Leicester today and the businesses opening, then it is a totally different analysis. If the Deputy were to tell me that there was a €6 billion or €7 billion grant scheme already in place, the answer to that question would be very different than it is without that grant scheme in place.

Deputy Colm Brophy: So Mr. Moran does not have an answer for me. I thank the witness.

Chairman: Deputy Brophy went considerably over time, although the discussion was interesting. Should the two minutes come from Deputy Burke or from somebody further on?

Deputy Colm Burke: There are five minutes available.

Chairman: Deputy Burke has five minutes.

Deputy Colm Burke: I thank Mr. Moran for coming in this morning and for his contribution over the past three to four months in dealing with very difficult issues within the small business sector. I want to focus on the banks and his own experience. In terms of the issues I am coming up against, a very simple one is where people are having difficulty in drawing down mortgages, which means builders do not get paid and are not able to pay their suppliers, whether it is the people doing the plumbing and electrical work or the people supplying those contractors. What is Mr. Moran's experience in respect of the banks and how does he believe they could further help at the present time? I have found that many of the decisions by the banks have not been helpful.

Mr. John A. Moran: I was wondering how long it would take before banks would come

up in this conversation since normally when I appeared in this committee room it was always to talk about banks. I might let Mr. Butler come in on this because, as a lender, he has much more experience directly on it. The important point to remember is that we are going through one of the worst recessions the State has ever faced and that will have an impact on firms and households and their ability to repay loans. We also know that banks are supposed to be making loans that they have an expectation of getting repaid. That is why it all needs to knit together. The guarantee scheme we have today is probably not appropriate for banks as enough support for them to be lending to firms that already are in weak shape. We need to fix those in order to then use the bank channel, which is a very valuable resource to move quickly-----

Deputy Colm Burke: Can I interrupt Mr. Moran? I have quite a number of files on my desk, including a case where people have been approved a mortgage but where only one of the parties is being paid by their employer. They are not getting a Covid payment but their employer is getting one and the banks are refusing to allow drawdown, even though the other partner in the transaction is getting their full salary. Both parties are getting their full salaries but because one of the employers is getting the Covid support, banks are refusing to allow drawdown.

Mr. Derek Butler: What the Deputy is seeing is a gradual withdrawal of confidence from the system. When we see banks starting to withhold mortgage approvals, it is the very start of the withdrawal of confidence in the economic system. To go back to a number of points the other representatives made, liquidity concerns beget solvency concerns and-----

Deputy Colm Burke: Does Mr. Butler think this is fair? Two people are getting their full salaries and there is no risk to any of the companies they are employed by and the banks are saying that because the word "Covid" is on the payslip of one of them, they are not prepared to allow the drawdown?

Mr. Derek Butler: I will not comment on that because each bank has to take its own position but I can say that unless there is a major injection of confidence through a major injection of liquidity into the SME sector, this is just the start of those types of announcements by the banks because they represent a withdrawal of confidence from the system. The banking sector has already come out regarding the credit guarantee scheme announced in May not being fit for purpose. That is an example of a measure that needs to be completely overhauled for it to be effective but this is just the start if we do not get the liquidity piece right in the next couple of months, specifically in the July stimulus.

Deputy Colm Burke: I want to touch on one further issue, that is, State agencies paying suppliers or contractors. Have the witnesses come across evidence of substantial delay in paying people who have completed work on the part of either State agencies or local authorities? What needs to be done to eliminate that problem? It is contributing to cash flow problems for companies.

Mr. Derek Butler: We have not heard about that. This umbrella body has a network of local leaders in every constituency in the country. We regularly hear about what is happening on the ground, such as challenges with Strategic Banking Corporation of Ireland, SBCI, schemes, etc. We have not heard of that problem but it touches on a really important contagion risk. If we do not get the liquidity policy intervention right in the next couple of months, debtors and creditors throughout the system will be affected.

Deputy Colm Burke: Should the relevant Government Department not check its own system to make sure there are no delays and to ensure there is no new set of rules around drawing

down payments which was not there three or four months ago?

Mr. Derek Butler: Our Government needs to act as a responsible payer of small businesses and pay in a timely manner. There is a range of EU directives on that matter. That practice will certainly help small businesses with their cash flow. Our Government absolutely needs to support SMEs by paying on time.

Senator Colm Burke: I thank Mr. Butler.

Mr. John Moran: This was one of the things that worried me most about the May announcement. One of the practical steps recommended to firms was to conserve cash. I am sure that advice did not go to Government Departments and agencies, nor should it have. That is good advice for a business in trouble on its own in the economy. In May and June, businesses were in trouble while every other business was also in trouble. This is why liquidity is so important. If I stop paying my bills to a creditor, the creditor is in trouble. What I really need is a quick injection of cash so I can pay my bill to Deputy Burke and he can pay his bill to somebody else, who can then pay it to Mr. Butler and eventually Ms McCabe will get paid. Otherwise there is contagion; every bill across the system stops and everybody runs into trouble. A small amount of liquidity at the beginning of that chain releases the problem five or six links along it.

Deputy Steven Matthews: I thank Ms McCabe, Mr. Butler and Mr. Moran. I have a couple of questions about the SME recovery plan SME Recovery Ireland has published, and the figures examined therein. Has speeding up the Roadmap for Reopening Society and Business in any way reduced the overall losses or the burn rate of capital SME Recovery Ireland anticipated, compared to the extra month of closure called for by the original roadmap?

A post-crisis boost to demand is one of the steps recommended in the plan. A lot of savings have been accrued by consumers in the past three or four months. Do we need a consumer confidence stimulus plan to go with a business stimulus plan in order to instil in consumers some confidence to spend money in the local economy?

Another key action referred to in the SME recovery plan is the allocation of powers and resources to administer claims to Revenue and the National Treasury Management Agency, NTMA. Does that entail assessment and administration of claims? Could the witnesses give us a little more detail on that key action?

Mr. John Moran: Our organisation cannot calculate the amount as well as other organisations with access to certain information such as the Central Bank or Revenue. The fact that firms reopened slightly more quickly obviously reduced losses as revenues started to increase. However, we are not seeing any big wave of spending. There are some high-profile media reports about the queues in front of barbers and Penneys but as Ms McCabe may be able to discuss, customers are not rushing back to spend as they were beforehand. The important thing, as I said in my opening statement, is that somebody gets to the bottom of how much money has been lost. We must have an intense modelling exercise so that all of these things are factored into decision-making.

The situation reminds me of life in 2009, 2010 and 2011. As part of dealing with the banking crisis of that time, it was not until the winter of 2010 and 2011 that a deep dive occurred whereby we went into the banks to work out how many billions of euro we were talking about. At that time, a range of figures from €15 billion to €35 billion was mentioned, and the final figure was €24 billion. One needs to know the scale of the problem to prescribe the right

medicine. It is important that this committee is given all the information it needs to be able to assess things accurately. It is to be hoped there will be a good assessment for the July stimulus package.

The Deputies are right in the points they made about spending. I am reminded of a conversation with the great T.K. Whitaker at the beginning of the most recent crisis in which he said that the problem at that time was debt. I would say the problem that is going to arise from this crisis will be confidence. There is a lot of pain out there and many people are shocked because their lives have changed and are different than they expected. It is really important that the July package instils confidence again in businesses and consumers as it relates to public health measures. That will release the savings. Savings are at historically high levels because people are afraid that they will lose their jobs. Even people who have kept their jobs are afraid they might lose them next week. People are holding their money back and if we cannot find a way to release spending into the system, perhaps by way of people taking staycations, we will have an incredibly tough 2020 and 2021. The recovery will be pushed out too far in that scenario. That is why this is the moment when the Government must borrow money to release funding and restore confidence in the system. That is not necessarily helicopter money, as it has been described, because there are a lot of savings in the system. We need to instil confidence again in people as to what tomorrow will bring. If tomorrow is not going to be worse than today, people will start to spend money and we will climb out of this.

Deputy Duncan Smith: I have two points to make and would be interested to hear the thoughts of the panel. The first relates to SMEs that have found it difficult to sustain tenancies with landlords during this pandemic. The majority of instances that I have come across over recent months are ones in which landlords have engaged with tenants to come to arrangements to see them through this crisis. However, I am aware of a number of incidents in my constituency where corporate landlords moved quickly to turn the screw on SMEs. One such business owner has had to end a tenancy and find new premises, so on top of trying to cope with the pressures of the pandemic, they now also have to bear the costs associated with finding a new premises and setting up a business again. What advice do our guests have for SMEs that have found themselves in that situation? What supports are there for them? They are feeling abandoned by the Government and representative bodies at the moment.

I agree that demand must be boosted. A large cohort of the population are immunosuppressed or are healthy but nervous and are not ready to go out and engage in the local economy. I went to a barber shop to get my haircut this morning. Every measure had been put in place on the premises. There was a temperature check on arrival and hand sanitisation, and screens had been installed. One of the most decorated barbers in Ireland was not giving haircuts but was spending the day sanitising the premises. It was a wonderful example of a business protecting its workers, customers and future viability.

I heard an example of another business in which an employee turned up with their own face mask to wear in work and was told by his or her employer not to wear it, that it was not allowed. The medical advice about face masks is now beyond reproach and the worker in question wanted to protect his or her customers and fellow workers. If there is a fund going around, I want to make sure that businesses that are protecting their workers and customers, such as the barber shop I was in this morning, will be prioritised and not the businesses that are putting their workers and customers in danger. I would be interested in Mr. Moran's thoughts and the advice he would give to the small minority of SMEs that may be acting in this way.

Mr. John A. Moran: I congratulate the Deputy on the haircut. I did not make it and people

are worried that there is actually another crisis coming because my hair is getting longer. I might let Mr. Butler take the landlord question and I will come back to the measures.

Mr. Derek Butler: The Deputy will note on page 21 of our plan that we call for the implementation of a measure to help small businesses reduce their overheads. This plan is based on a principle of solidarity in that small businesses are vital to our social fabric. If we do not have a tool to help small businesses enshrined in legislation to reduce their rental costs at this time, it will only compound the losses and the fragility of small businesses. To be clear, at the moment there is very little to help small businesses reduce their overhead costs. Landlords, institutional and otherwise, need to play their part, not just based on solidarity but on the reality that we are also advocating for an “examinership lite” regime that will resolve this matter most likely in the favour of small businesses. Everybody has to play their part. I will hand over to Mr. Moran on the employment piece.

Mr. John A. Moran: This is an opportunity to use these funds wisely in terms of firms. If money from the taxpayer is being given to firms to help them through this crisis, it is only appropriate that we think about the right types of conditions that we would attach to that. In other jurisdictions, for example, they have restricted the ability of firms to upstream that money to the owners of those businesses and do other stuff. We can also think about rewarding them to follow the types of measures the Deputy mentioned regarding healthcare and things like that. In the next set of conversations the committee has, each sector needs to explain what measures work for it and what works badly. We are listening to SMEs. Ms McCabe might wish to add something.

Ms Jean McCabe: Across my industry, retailers have been very compliant in putting measures in place to ensure that customers and employees feel safe. It is important to hear that about that business. Without the wage subsidy scheme, all of that cleaning and all the protocol around ensuring we are giving a safe environment for people to shop would not be possible. Businesses are currently trading between 30% and 50% down. They are not making money or making anything while their doors are open right now. While we are delighted to get our doors open, without the support and the wage subsidy scheme, those businesses would not be open at the moment. Once the doors are back open, that is when the landlord comes knocking for the rent and suppliers start looking to get paid. Mr. Moran mentioned confidence. We deal with suppliers all over the world and at the moment we are in negotiations. We are paying all our suppliers, which we are lucky enough to be in a position to do. Some are providing discounts. The only country that has been consistently strong in not providing any discount, because they are exceptionally confident in what is happening in their own country, is Denmark. Out of all our suppliers, they will not budge while every other supplier is offering between 10% and 40% off invoices because they need the cash fast and are starting to panic in their own business. In Denmark they are holding strong and will not discount anything. If anything is to be said about what confidence means and how it can help us recover quicker, whatever measures come out in the July stimulus have to be robust and they have to look after the SME sector.

Mr. Derek Butler: If the Deputy looks at the Danish example, on which we have modelled much of our scheme, he will see that Denmark acted early and effectively. It designed its scheme to work effectively for small businesses and that has instilled confidence in the Danish SME sector. It is now recovering at pace. It is exactly that type of measure that we expect to see in the July stimulus.

Deputy Catherine Murphy: I have spoken previously on the need not to add an additional burden of debt by way of loans. Mr. Moran said that somebody needs to do modelling

in respect of understanding the debt and what needs to happen. Who should that be? On institutional landlords, for example, it would be a very short-term approach not to deal with this in a sensitive way, because we will have a very high level of vacancy if that is the case, which obviously has a knock-on consequence. It cannot be left to individual businesses. What is happening collectively, if anything, that will aid businesses to deal with that component? Some people will come out of this relatively unscathed and some of the burden must be shared. For example, there will be premises that will have been closed for three months, but they will have a phone bill with a standing charge, and if it is left unpaid, the service will be cut off. It is that kind of thing where there must be some degree of fairness in terms of sharing the burden. If we were to tot up all of the demands or calls on the public purse, we would be very dishonest to say that they can all be met. Even though a stimulus package is the way out of this, there are sectors that have been greatly damaged and will take a long time to recover. Will Mr. Moran deal specifically with the issues of who will do the modelling and what is happening collectively about dealing with organisations like landlords who are institutional investors and about utility and other charges where there should be a sharing of the burden?

Mr. John A. Moran: On the modelling, things may have improved, as I suspect, in the Departments since the previous crisis, but it is some combination of the people with the right information working together. It is the Central Bank and the Revenue, probably led by the Department of Finance and backed up by the ESRI, which has robust models to be able to look at different scenarios as to how we do that. That probably helps on that one, but with proper information. We need to ask SMEs and others what losses they have incurred. We are running a survey but others can run them too.

On the sharing of the burden and institutionalised landlords and small landlords, just the same way as business is both big and small, landlords are big and small. The Deputy is absolutely right that we have a burden that has hit a particular sector, but if it collapses, the burden moves along through the system and others recover. There is a need to find a fair mechanism to share that burden. Ultimately, the fairest and simplest way to share a burden in this country is for the State to take it on, in effect, and redistribute it either to specific sectors or through general taxation. As the Deputy has said, there is not enough money to pay everybody, so it is by reimposing levies or taxation measures on sectors that can do it. It is really important that we do not stop the decision about whether to lift the burden from SMEs by not being able to figure out who should pay for it in the next year or two, the next ten years or whatever. The State is uniquely positioned to lift that burden, spread it over a number of years and reimpose it as it sees fit, whether it is on institutional landlords, smaller landlords, utility companies or wherever else. That is the mechanism of State, and it is the job and responsibility of politicians, which is a heavy responsibility at times like this, to make those hard choices. That is why July and October are really important in respect of this.

Deputy Catherine Murphy: The unemployment rate for June is 22.5%. The economy will recover when we get people back to work. Very often sole traders employ just themselves, but the SME sector employs a lot of people. How should the relationship between supports and job retention fall? What should be done there?

Mr. John A. Moran: The SME sector employs 1 million people and 1.5 million people rely on the SME sector for their livelihood. This is the most significant employment part of the State and it therefore needs to be supported.

The way in which this has been analysed is that if we are going to have people on employment anyway, it makes more sense to support their employment while they are with SMEs.

That is very helpful because it keeps those people on income support and, therefore, they can spend money in the economy. Also, they get safety and security, like we talked about confidence earlier, of knowing that they will not lose their jobs because their employers run out of money to pay their wages.

However, the employers may still run out of money, and that is why relying only on income support is not going to work. If those employers are not supported and run out of money trying to pay other bills, they will not have a business in which to employ people, no matter how much we try to support employees' income in the coming six to ten months. We will have a significant problem.

The Deputy is correct that the unemployment rate is 22%. She may remember that in the previous crisis we had the advantage of knowing that Irish unemployment rates would plateau at a certain level because people could emigrate to other countries where things were going better. As we know, they did so. This time around, it is very different. There is no emigration release for those who are being made unemployed. What is even more frightening than the 22% unemployment rate to which the Deputy referred is the number of young people who are unemployed. They were predominantly employed in the SME sector, particularly outside Dublin, in rural areas and smaller towns and cities. We are at rates of 50% or 60% in respect of youth unemployment. It is essential that we get those people back to work as quickly as possible. Not only are there mental distress issues eating away at their hearts, these are the formative years of their careers. This is not just about one year of income lost - it will have a much bigger impact on their working career throughout their life. That is why Ms McCabe and other small business owners need to hire young people to get back into work and be trained at an early age. They are the ones who will probably decide to leave the business next year after having received good training and go on to open their own shops and hire more people. That must be the methodology we use to climb out of this situation.

Deputy Richard Boyd Barrett: I thank Mr. Moran and his colleagues. All present agree on the need to inject money into the economy, SMEs and the pockets of workers in order to get the economy moving again. It would be useful, particularly in light of the worrying indicators from around the world and possibly even in Ireland in the context of the pandemic, for those representing the business sector to clearly acknowledge that although all of that is true, public health must come first. Mr. Moran and other business representatives should make that statement. That is particularly important given that although many, if not most, SMEs are compliant with the public health guidelines, there may be, for obvious economic reasons, pressure on them to cut corners on public health guidelines or, indeed, to accelerate the lifting of restrictions to the detriment of protecting public health. It is important that Mr. Moran address that issue.

I hope Mr. Moran will agree that the wage subsidy scheme and income supports such as the pandemic unemployment payment, PUP, should be maintained for as long as is necessary and until we see recoveries in the affected sectors where people are facing mass lay-offs and unemployment. That may be the case in several sectors for the foreseeable future. The supports are necessary for the sake of the workers, but also in order to keep money flowing through the system. I ask Mr. Moran to make a clear statement on that issue.

I wish to tease out something I thought I heard Mr. Moran state earlier. He made an argument for grants rather than loans because he does not wish for companies to be indebted. That is a reasonable point, but do we not have to be careful to ensure that it is directed at those who really need it, rather than having those who do not need it profit from it? There are probably not many SMEs registered offshore. I do not think offshore companies should get grant sup-

ports. Rather, they should have to repay any support they receive. I acknowledge that many businesses are in real trouble, fighting for their lives and in need of support, but should there not be a clawback mechanism for the State when it comes to companies benefitting from State support that are profitable or using the money for non-essential expenditure? Should there be a *quid pro quo* such that if we give a company money, we can be sure that the chief executive of that company is not paying himself an extortionate pay rate or salary and those payments would be capped? Can we ensure they are not abusing schemes in terms of laying workers off or making them work longer hours and so on? There have been a number of reports along those lines, where people at the top are benefiting from the schemes and doing very well, while workers they employ are often not being treated so well. We need to be sure the supports are going to the people who need them. I ask the witnesses to comment.

Mr. John A. Moran: There is a lot there. Mr. Butler will comment first.

Mr. Derek Butler: I will address the Deputy's first point. It is absolutely clear that we will not have a recovery if we have a public health crisis. Everyone in the small and medium-sized enterprise community really buys into that. In recent weeks and months, we have seen the SME community buying into a new social contract under which everyone gets behind our collective public health. Almost every small business in the country was closed with the exception of some essential businesses. We are now seeing the public health crisis recede. We have a collective responsibility to ensure the public health crisis continues to recede. We are all clear that if it does not, the recovery of the economy and a decrease in the unemployment rate will not happen.

Mr. John A. Moran: Deputy Boyd Barrett raised so many issues that it is difficult to respond. We are here to try to speak on behalf of small businesses. Much of the reaction that has taken place during the crisis to their troubles has been interfered with - if I can use that expression - by conversations about big business. The Deputy mentioned offshore firms and large salaries. I cannot speak for Ms McCabe in terms of her individual salary but I doubt she is the type of person Deputy Boyd Barrett is thinking about.

It is important that political representatives treat the sectors fairly right across the system. They should not try to take away measures that need to be implemented for those who are suffering badly because of a prejudice or view they have about someone else or a story from the United States or somewhere else where other things happen. I urge Deputy Boyd Barrett to park those biases as he thinks through all the measures we are talking about in terms of how we want to do it.

Our schemes are designed in a particular way. It is a little more painful to do it the way we are doing it. It involves a calculation by the individual firms of the compensation they need to get for the losses they have suffered. It is not about throwing large amounts of money at large numbers of firms. It is a fine analysis to be done by Revenue. We know Revenue is never generous when it comes to giving away anything. If members are concerned about tax games or whatever, no entity is better placed than Revenue to know what firms are playing those games. I do not believe most SME owners in the country are playing games with their taxes. They are trying to survive, as they have done for many years. They are trying to employ people and to eke out a salary from the business. That is very much the position.

If members need to do so, they should travel to other parts of the country. They should go to rural towns and other parts of the country that will not have the same recovery as Dublin will have. As we saw last time around, the presence of big companies in Dublin meant the others

could feed off that recovery.

The wage subsidy issue Deputy Boyd Barrett raised is really important. I have already said it would be a nice idea to keep it going for a little longer, because ultimately it helps the businesses to actually keep people employed. There is, however, a philosophical debate on this at all times. I would prefer to have someone employed and earning money, in particular in the private sector, than being supported by the State either on a wage subsidy or by unemployment support. We can go back to the paper Dr. Stephen Kinsella delivered to the committee to see why that should be the case. Investment by the Government in capital spending means we get back two or three times the money we put in. If we simply provide it in income support, we may only just about get the same amount of money back because it gets spent in the economy.

Chairman: I have to move on to the next speaker as the session may last not more than two hours. If Mr. Moran wishes to reply in writing to Deputy Boyd Barrett with any additional points, he is welcome to do so.

Deputy David Cullinane: That is a fair response.

Chairman: The next speaker is Deputy Shanahan.

Deputy Matt Shanahan: I thank Mr. Moran and his colleagues for attending. I often sit in this Chamber and find myself in agreement with Deputy Boyd Barrett. In his most recent intervention, however, he spoke about a country that I do not know. I know quite a bit about the SME sector and I echo Mr. Moran's comments to the effect that the SMEs are a mile away from what Deputy Boyd Barrett outlined.

I wish to discuss the ideology among those at senior level within the Civil Service. We have had some introductions to some of the most senior people in the Civil Service and, in that context, I intend to refer to some comments that have been made at this committee in recent few weeks. We had a comment from Mr. Jim Breslin, the Secretary General of the Department of Health, some weeks ago to the effect that the Department was mandated by Government regarding the contract it agreed with the private hospitals, which ultimately prevented full-time private practitioners carrying out certain activities. The latter has added to the caseload of elective surgeries. I asked the Secretary General whether, if a new contract was to be pursued, the Department would impose the same conditions and he replied that he was being mandated by Government. However, it is the Department that advises the politicians.

We also had one of the senior people from ISME in here some weeks ago. The individual in question told us that at a meeting with senior officials in the Department of Finance, he was informed him that those in the SME community are basically only interested in fiddling their taxes. It was stated in a long article in the *Irish Independent* last week that the foreign direct investment, FDI, sector will lead the recovery in this country. This is an absolute joke, particularly if anybody knows the difference between GNI and GDP. That said, does Mr. Moran think this is one of the issues that we have where ISME, for instance, is not allowed to be represented in its own right to talk about pay bargaining or pay agreements in the wage sector? This indicates to me that the SME community has been ignored and is still partially continuing to be ignored. Can Mr. Moran provide us with some comments on those points please?

Mr. John A. Moran: One of the reasons I was so quick to support Mr. Butler when he asked me to do this as an independent voice for the SME sector was that the last time around I found that the SME sector did not really have a strong voice or, certainly, not as strong a voice as the

FDI sector has with IDA Ireland. The larger indigenous businesses, as Enterprise Ireland has evolved, also have somebody to speak for them. Many SME groups have very different businesses and, therefore, have their own representative groups to reflect their interests. What is brilliant about what is happening with the SME Recovery Ireland movement, if I can call it that, is that is just how many of these groups have been able to put aside their differences and get behind the same plan in order to help policymakers to understand. I know from being on the other side of the table that there is nothing worse than receiving 150 different consultations and 150 different sets of ideas. What is powerful about what is happening is that all of these SME groups, including ISME, the Hair and Beauty Industry Confederation Ireland, those involved in childcare, people who drive coaches, and Ms McCabe and her retail businesses, have all come behind this report to say that this explains their problems and offers solutions to these problems. It is not the FDI sector, which, as the Deputy says, is a world apart. The rest of the global economy is not going to recover quickly so it is not like the last recession where we could rely upon an export-driven economy. We need to get SMEs back working again in order to do this.

When I used to attend meetings like this in the past, I could not talk about policy. I can state now, however, that policy is decided by the Government. The civil servants and public administrators across our system may give their advice but, fundamentally, what the Government decides is what needs to be implemented in the State by the system. The direction of travel needs to be very clear in July in terms of where we need to go on that.

Deputy Matt Shanahan: I thank Mr. Moran. On the other point he or somebody else made regarding the functioning of the economy and a resurgence of the virus, one of the other issues that arose at our meeting last week related to the contact tracing activity that is happening. Some 10% of contacts are turning out to be asymptomatic Covid cases. If we are going to have a resurgence, it is going to happen because of the lack of social distancing that I see happening on the streets and in shops; it will not be because of the activities of SMEs.

I know from being the owner of an SME that one of the things SMEs require is visibility. They need to know what the landscape will be into the future. Is there any provision for Government to put some sort of architecture together to bring rents, rates, utilities and wage supports all under one catch-all structure whereby SMEs can be protected, obtain access to negotiating expertise, etc.? If businesses reopening at the moment do not have long-term visibility of the likes of rents, rates and utilities, many of them, and particularly those that are marginal, will not use the last of their savings to try to reopen the business. It is a non-runner.

Chairman: The question alone has exceeded the time allocation, without any time for the answer. Unless Mr. Moran can answer the question in two seconds, which I doubt, he might provide a reply in writing. I apologise but we are constrained by the time available to us.

Mr. John A. Moran: Briefly, we need to decide between liquidity measures and solvency measures, which is very important. Some of the bills are being pushed back on liquidity but that will not make the bills disappear. The solvency question needs to be dealt with afterwards.

Chairman: I call Deputy Michael Collins and remind him not to ask a question at the very end of his contribution because there will not be time for a response.

Deputy Michael Collins: I thank our guests for appearing before the committee. SMEs are dotted throughout Ireland but in my constituency of Cork South-West, in particular, they are the life and soul, employing many people in towns and villages. I have had many meetings with representatives of SMEs in recent weeks. Their main concern is that, to reopen their doors

quickly, they need grants to be made available immediately but, to date, that has not happened. Do our guests know of any grant aid that SMEs have access to and have received to date?

Mr. Derek Butler: The measures announced in early May allowed for a small restart granting scheme. This was useful because it allowed the Government to cross the Rubicon of determining that granting is important and necessary. It is too small, however, and is only for those businesses that are rateable. A very large cohort of small businesses are not rateable and all small businesses need much more than the €3,000 on average that the scheme is providing. The rest of the schemes are debt-based, too hard to access and too expensive.

Deputy Michael Collins: Start-up businesses have been hit hardest. I spoke last night to the owner of one based in a west Cork town, who, like many others, is facing a massive uphill battle to keep his doors open. He cannot avail of the back-to-work grant because it is based on how his business fared last year. Other than giving the man plenty of sympathy, which people in his position are hearing enough of on the phone, is some grant aid available, in our guests' knowledge, for people who have started a business this year and have been caught with Covid-19?

Mr. John A. Moran: Grant aid is available in other countries but not in Ireland, and that is the point we have been making from the beginning. We need a much broader and larger grant aid scheme that allows each of the different sectors to apply it differently. Some countries, in the case of new firms starting up, have allowed quick cash to be based just on the number of people employed. They have found other mechanisms to provide grants but we have just not got that yet.

Deputy Michael Collins: Many SMEs are unable to avail of grant aid because it is determined by the rates paid, but many of them are using mobile units or places other than a building where rates apply. Has Mr. Moran any solution to offer to such SMEs or does a solution even exist?

Mr. John A. Moran: These things are done artificially. A grant is some sort of refund of the rates a business has paid, as Mr. Butler said. Many sole traders, such as people working on gardens or the average taxi driver, do not pay rates and they may have the same start-up costs as others. We need to find a way to give them a start-up grant and not simply tie it to these things artificially. Who cares, given that money is fungible? The rates will have been paid last year. If it is to be tied to anything, it should probably be tied to the profitability of firms because that is a quick and easy way to work out which firms were trading last year and making money, but that would not deal with start-up businesses. We think it would be better to release the artificial constraints on the grants and just tie them to the losses that firms are incurring, which they can prove.

Deputy Michael Collins: I have spoken to west Cork small businesses, representatives of which are on the phone day and night at the moment. I represent a constituency where tourism is a significant employer, as it is in other constituencies. Tourism this year has been almost wiped out and a worry hangs over next year. The greatest fear of these businesses is that there is nothing else available to them but to borrow - in effect, kicking the can down the road. Most such businesses do not want to borrow because paying back the loan would be a nightmare at this time. Emergency funding needs to be put in place for all struggling SMEs and not in the months down the road. Is there any indication that this will happen?

Mr. John A. Moran: I congratulate the Deputy on talking to representatives of SMEs, so

he understands the real problems in terms of his analysis. The indications we are picking up are the same as those the Deputy has picked up, namely, that the stimulus package in July should address these various issues. A better understanding of the scale of the problem is developing daily and we will, I hope, see something very important and off-scale in the July statement.

Deputy Michael Collins: Mr. Moran will know well, from dealing with SMEs daily, that there is a considerable need to reopen Ireland, and in particular the tourism industry, in a safe manner. Can the witnesses encourage the Government in some way to invest in testing in our airports and ports, with the results available in one day, to bring in people to start opening up Ireland as a safe place to holiday and ensure the survival of our businesses?

Mr. John A. Moran: We and the Deputy have a slightly different view on that. We are trying to pick our battles and cannot be defenders in every battle. What we are trying to do is focus on the measures we believe SMEs need to ride their way through the crisis, whatever the restrictions are. With all due respect, that is probably a better use of our time because others are advocating measures such as those identified by the Deputy.

Deputy John McGuinness: The representatives of the small businesses - the butcher, baker, candlestick maker and others - have told us at previous meetings that they have approached the Government and met senior officials, and they have impressed on them the urgent need to deliver a package that would have an impact on those businesses and restore them to some form of normality. The representatives' voices, instead of not being listened to, should be heard and championed by many Members of the Oireachtas because we represent them in every corner of our communities.

What I consider to be the kernel of this problem is the fact that the senior Department figures have decided to turn a blind eye to this sector and attempt to force it to trade out of difficulty itself. The same thing is happening here. The proof of it is that while there is a sum of €6 billion available, only €100 million has been drawn down. The scenario is that family businesses are holding on out of pride and by their fingertips to see whether there will be an upturn in the economy. They are expected to trade out of difficulty using a business model that is not compatible with their current position. In other words, a restaurant cannot be filled to its maximum capacity and instead can take in only a certain percentage. That immediately affects turnover. A family business or business with a small number of people is probably carrying debt from the financial crisis. Therefore, we must tackle the day-to-day issues SMEs face. I refer to the boutique owner or shop owner who has seasonal stock worth €1 million that is now out of date and who has to invest in stock for next season, with demands coming from the suppliers. The problems of such businesses have to be addressed. Regardless of whether those affected are serving a pint or driving a bus, the individual sectors have to be addressed. Representatives of the coach operators appeared before us. Their response from the Department on the supports they need was what I suppose could be said to be nil because it did not match the demand they face and requires considerable paperwork.

The banks are not lending. They refuse to give money to the SME sector and we now face the threat of a further wave. Therefore, we are ill prepared going into this because of the financial crash. The Government and Departments are not responding in a tangible way to the SME sector. As a result, they are being hung out to wither on the vine. That is basically what is happening here.

Can Mr. Moran, as a former Secretary General, describe for us the mindset in the Departments that causes this to happen time and again?

We referred to the €6 billion in terms of the commercial rates paid and so on. The commercial rates structure is simply outdated and should be abolished. If I were a publican who had improved the property, I would have a revaluation. The publican beside me who did no work with the property would not have the revaluation. It is so stacked against the microbusinesses in this country that the Government needs to provide money free of interest and a restructuring of existing debt with a low interest rate of zero to 1%. It must make grants available and easily managed so they can be drawn down quickly and effectively. We need to address in a sectoral way the various businesses we are speaking about. Does the witness agree in any way with that analysis of the current position of the SME sector?

Mr. John A. Moran: Yes. The Deputy has analysed it very well and hit the nail on the head in that cash and grants should be put out relatively easily and there should not be high interest charged on loans. It is important that the Deputy also reached into the third phase of our plan, which is to deal with sectoral matters, as not every sector is the same. We can agree on the general principle that we cannot ask those in the SME sector, which is critical to job creation, to bear the burden of these losses on their own. However, how they come back into normal trading activity will differ from sector to sector. It needs a more fine-tuned approach in the third phase. As the Deputy has said, the important factor is getting the money out there quickly and in ways that are attractive.

I can go back to what I said at the beginning. Despite €6.5 billion in schemes, although some are still not legislated for, the proof of the pudding will be in the eating. There has only been €100 million disbursed, and I suspect we have the lowest percentage of disbursement across the whole of the European Union. That puts our firms at a disadvantage to other firms. They are the ones struggling. As Ms McCabe has said, going back to the Danish example, their level of confidence is higher because very quickly they put in place approximately €5 billion or €6 billion in a compensation scheme. They were not handing loans but rather grants to their companies. They have managed to recover much more quickly so the firms are not doing fire or liquidation sales across the economy, even when they trade internationally. We must get ourselves into that same place. The most dangerous result here would be if sectors collapse and firms have liquidation sales where they sell valuable assets cheaply. Some foreign company that was better protected will buy them.

Deputy John McGuinness: With respect to Mr. Moran, I know that analysis. I am asking him to comment on the fact that the €100 million is not €6 billion. Is that the fault of the construction of the scheme by the Civil Service? Mr. Moran has insight into this because he worked there and he might be able to tell us. Will he tell us why the banks, which are owned by the State, are not lending properly and appropriately to the business sector? Will he tell us what response he has got from the Government?

Somebody is at fault here and the sector is dying on its feet. The response from the Government and the civil servants has been so bad that the schemes they have in place are simply not working. Will the witness please comment on why that is the case? Is this related to the Civil Service and how it interprets policy or is there something else wrong? Going back to Deputy Shanahan and the commentary from this committee over recent weeks, are microbusinesses seen as fiddling taxes and making profits? I know people in these businesses who are on their knees and we seem to think that is okay when it is not. The witness has made a presentation today and I fully support what he is saying, but why is it that the place he worked previously is not responding in the constructive way one might expect in an emergency?

Mr. John A. Moran: I have said that one of the most important things we could do as a next

step would be to understand the scale of the problem. There was a misunderstanding of the scale of the problem in earlier weeks of this crisis and perhaps there was hope it would not be as bad. That reminds me of what happened with the banking crisis and similar things happened. The Deputy was on various committees analysing that. The Deputy knows how important it was to take the right measures to understand the scale of the problem. At the same time, it is also fair to remember we had a caretaker Government. We did not know who would be making decisions and, ultimately, the Deputy, and the rest of his colleagues, were probably hamstrung in terms of bringing in legislation.

Deputy John McGuinness: That is a cop-out because the interim Government could easily have brought in legislation.

Mr. John A. Moran: I am going to-----

Deputy John McGuinness: It is a cop-out. The Government, at any stage, could have brought in the appropriate legislation. Mr. Moran is dancing around the issue. Why, in his opinion, is the money not being made available as freely as it should be by the different Departments managing the system? Are they ignoring the policy or are they deliberately making it difficult?

Mr. John A. Moran: I think the priority was put into different areas in the past couple of months, particularly the health area and the income support level. We are the ones who have been advocating for this, so I am no longer the Secretary General who has to defend what is happening. I am agreeing with the Deputy that we needed action and that we needed it quicker but what I am saying is that it took us a lot of time and effort to get SMEs front and centre into the solution of what we need to do because this crisis is different. It has taken a lot of time to understand that some of the measures that were not possible the last time are the right measures this time around.

Chairman: I thank Mr. Moran and Deputy McGuinness. Deputy Cullinane has nine minutes. There is a minute to be taken back from-----

Deputy David Cullinane: There is no minute to be taken back. Not at all.

Chairman: There is, unfortunately-----

Deputy David Cullinane: That will not be happening. I thank Mr. Moran for coming in and for his opening statement and the supporting documentation he sent. He is right to say that he and his organisation cannot be defenders of every battle and that he has to almost ruthlessly single out the supports which are necessary for SMEs. That is a reasonable position for him to take. He will understand, however, that as politicians we have to have a wider view and that it is like a jigsaw; there are many different pieces to all the issues that make up the overall solution. I want to focus on some of those supports needed for SMEs but, equally, I want to touch on issues like regional development as part of the solution and also the *quid pro quo*, which I believe would be necessary. If the State is being asked to invest billions of euro in the SME sector, and I believe it should support it, there are obvious *quid pro quos* that would be necessary coming back from that sector as well.

My first question is to follow up on the logic of the questions put by the previous speaker. Mr. Moran said in his opening statement that we cannot be afraid to spend this money. I agree. That is the overall package that he believes is necessary for the SME sector. He said earlier that there may have been a misunderstanding of the scale of the problem in the Department. That

is not the first time that has happened. As Mr. Moran pointed out, we had the banking crisis. It does not paint a rosy picture of the Department of Finance if it keeps getting the responses wrong to the crises the country faces, but I do not believe it is as simple as that. Mr. Moran has some experience. He is a former Secretary General in the Department. To be fair, I am not sure that if he was still the Secretary General he would be saying exactly what he said in his opening statement but he is here now wearing a different hat, and I understand that. Is it not the case that there is almost a fear of radical action and of putting in place the solutions that are necessary? If we look at some of the loan schemes, for example, they are existing schemes. We are tinkering around with schemes rather than making the quick decision which needs to be made - SMEs need liquidity, and they need it fast. Leaving aside the political for a second, what is the problem with the thinking in the Department that it does not allow it make these very quick decisions to respond to the type of crises SMEs are now facing?

Mr. John A. Moran: I do not want it to be taken that I said the Department does not understand the nature of the crisis. If the Department does have numbers that explain the scale of the crisis, we should find a way to publish those so that everybody can interrogate them. That is the first thing I would-----

Deputy David Cullinane: I am sorry, Mr. Moran. It is their job to understand the problem. It is their job to have the data. It is their job to have the solutions. I did not say that there was a misunderstanding of the scale of the problem - I happen to agree with it - but Mr. Moran said it. I am only quoting the words he said. I am trying to understand the reason that is the case, time and again. To go back to the question I asked about liquidity, why is the Department so slow to put in place the solutions in regard to liquidity and why does it continue to reach for schemes that we know will not work?

Mr. John Moran: Mr. Butler set up SME Recovery Ireland because there are 100,000 firms in Ireland, each employing an average of five people. We wanted to make sure that the impact of the crisis on those firms was understood by people like Deputy Cullinane and the other people in this room, and ultimately by the policy advisers in various Departments as the Government makes its decisions. I am not in the Department of Finance and I do not know what the process is. We have been explaining our problems to the Department, but I suspect that lots of people have been explaining lots of problems and somebody has to make a decision. Making those choices is ultimately the job of politicians and the Government. As has been said, this is a jigsaw. We need to find ways to balance all of those issues.

In response to Deputy Cullinane's comments I note that if I was the Secretary General of the Department of Finance today, I would still be saying that we need to base the recovery on job creation. Given the nature of the crisis, our best engine for job creation is the SMEs we have talked about. With European solidarity, which we did not have the last time around, we have an opportunity to borrow and support those SMEs in recapitalising and creating jobs. I do not change my advice depending on what hat I am wearing. I am giving my advice as an independent observer in this situation. I am not running an SME that is looking for aid. I am trying to explain what I think we should be doing based on my experience. However, as I am not in the Department of Finance, I do not know who else is looking for money or how politicians will balance those demands in the discussions of the new Cabinet that has now formed.

Deputy David Cullinane: I have given Mr. Moran a fair wind to respond because I wanted to hear his response. There seems to be agreement here that liquidity is the key issue and that small businesses need it very quickly. We have proposed 0% interest loans and cash-for-equity initiatives. There are lots of ideas out there. The real issue is that money needs to get to SMEs

very quickly to pay fixed costs, keep them afloat and prevent them from withering on the vine, as a previous speaker put it. Hopefully we will see a new approach with a new Government and a new dynamic. The witnesses did a good job of identifying and highlighting the challenge.

I want to address regional development very quickly. The last time I met Mr. Moran was in one of the galleries in Waterford at the launch of the national planning framework. There was some discussion of regional development at that event. There is an awful lot of talk of regional development now because it is absent from the programme for Government and there are whole regions without Ministers. That is a different issue, however. Let us take the south east as an example because it is the area I live in. It underperforms economically and has higher levels of unemployment and lower levels of educational attainment. It does not have a university. It does not get the capital funding it needs to stimulate its economy, even for big projects. We seem to be battling all the time. What is Mr. Moran's advice to a new Government on genuinely embracing regional development?

Mr. John Moran: The Deputy knows I have been one of the biggest fans of balanced regional development. Ms McCabe and I complained on the way in here that we could have been in a committee room in Limerick and we would have had to travel a lot less, since we do not have the pleasure of sitting with the committee. The public service and Government have to lead in this respect. There are serious challenges concerning population dispersal across the State. There are parts of the country where birth rates are not keeping up with deaths. Meanwhile there are areas, such as the greater Dublin area, that were booming before this crisis and will continue to have those dynamics. Economic growth will follow population growth.

Returning to today's agenda, this issue is one of the reasons saving the SME sector is so critical. SMEs disproportionately employ people outside of the greater Dublin area. I love going down to Waterford as much as I can, although I would prefer if the road from Limerick to Waterford was a little easier to travel or there was a better train system. Today's agenda is very important to saving social fabrics throughout the country. If we do not save SMEs, we will be faced with empty towns and boarded-up shopfronts all across Ireland. That might not be the case.

Deputy David Cullinane: I agree. I come from the south east and know the importance of these things. I speak to the chamber of commerce members and owners of small and medium-sized businesses all the time. Big infrastructure and capital investment are important. Some big projects need to be funded. Having money in people's pockets is also important, as is footfall on our streets.

My final question is about the *quid pro quo* I described earlier. Some organisations that support and represent businesses have shown a reluctance to pay the living wage or provide decent work and wages. I believe that the State should invest in SMEs. It should provide the liquidity that is needed and pump billions of euro into the economy. That would save jobs, which is important. We also need to face the reality that there are many people on low pay who do not have money in their pockets to spend. They do not earn a living wage and the cost of living for those people is too high. It would be good to hear a representative business organisation state that it would support the living wage, decent work and decent pay as a *quid pro quo* for the levels of investment that the SME sector receives. Will our guests respond to that point?

Mr. John A. Moran: The best way for this country to get better is for people to earn more. That is clearly the case. The first way to do that is to stop unemployment, get people into work, provide training and everything else. Cost bases must be reduced because they have an impact

on the ability to pay a living wage.

On the point about SMEs, the more we help businesses to recover, the more of a responsibility those business owners have to ensure that their employees are treated well from the perspectives of safety and wages. We will not get to that desirable outcome if we cash starve the businesses in the first place because the first thing those businesses will have to do is to let people go or not pay them properly. Ms McCabe would like to come in on that point and it would be appropriate to ask her about it as a business owner.

Ms Jean McCabe: The three biggest costs for any small business are wages, rent and rates. At the moment, small businesses are facing increases in rates and rent is a huge issue and will continue to be, going forward. I would love to be in a position to say that I could afford to pay a living wage but, as a small SME owner, I cannot because my other costs are too high. If more supports were provided to the sector, small businesses might be able to pay a living wage somewhere down the line but wage costs are the largest costs for any business and it is already a challenge to manage them and keep a team employed.

Chairman: We have a little more time than we had anticipated and I thank members and our guests for their discipline. I will ask a couple of questions before opening it up to the floor. We saw various Exchequer returns. Mr. Moran, in a previous life, spent a lot of time examining Exchequer returns. Would it be useful if VAT returns were split between online and on-street sales? There has been a considerable reduction in VAT returns and that was not unexpected. We know that there has been an increase in online sales, particularly in the grocery sector, and that is not obvious from Exchequer returns.

Does Ms McCabe think there is increased competition from online sales? It must have been incredibly difficult for Ms McCabe, having a shop full of stock and suddenly and unexpectedly having to shut down. People are trading online more and more. Are Irish SMEs moving towards online trading? Do they need more supports to do that? Are there SMEs that have moved from having a high street presence to trading online? Are SMEs still trading without opening their doors? There are a number of questions there but I would appreciate if our guests could answer them.

Ms Jean McCabe: I thank the Chairman, who is a native of Clare, like myself. We were lucky enough to be able to trade online. We were well established online, traded throughout the lockdown and it was our saving grace. Some €6.4 billion is spent online annually by Irish consumers and 70% of that revenue is going to multinational retailers. That money is not going into the Exchequer. That is due to the lack of attention that SMEs have got over the years. Much of the grant aid that was available through Enterprise Ireland has been export driven. The focus has been consistently on that market.

The opportunity for SMEs is on our doorstep. For me, as the owner of a small business, my online presence is not about international trade. It is actually about capturing the domestic trade and giving the consumer a chance to shop local and shop small. Some 50% of our online trade is within a 30 km radius of our business. If the Deputies are looking at the future of town centres, cities and small businesses across the country, online is going to be a big piece of that in driving footfall back into towns, driving people back in the door and keeping the bricks-and-mortar stores dotted along the streetscapes of every town and village alive. Online will definitely play a big part in that, but up to this point it has been completely neglected by policy and by the way grants have been provided for SMEs. It has been too focused on multinationals and we already know we are over-dependent on FDI. During the Covid crisis, online sales saw

a 200% to 400% increase and again most of that went abroad. Could the Chairman confirm the final part of his question?

Chairman: I was just wondering if Ms McCabe thought more supports are necessary in order for businesses to move online. There was a second question specifically to Mr. Moran as to whether he thinks that we should be able to see from Exchequer returns whether VAT was received from online sales or regular sales.

Ms Jean McCabe: More supports could definitely be put in place. There is a local grant of €5,000 that is provided by the local enterprise offices. This is a drop in the ocean if someone really wants to go online properly. On the question for Mr. Moran about Exchequer returns, for most businesses the trade online is quite intertwined with their in-store trade. To differentiate between the two would be a challenge for businesses in filing VAT returns.

Chairman: As somebody who was self-employed, I appreciate that VAT returns are not a lot of fun when they have to be done, and they do have to be done.

Mr. John A. Moran: I had not heard the idea before, nor was I looking at the VAT rates to see whether they were split. As Ms McCabe said, these things could come with an extra burden in terms of how we do it. I am sure technology can surmount that. We have said throughout the session that the worst way to deal with a crisis is not to have information. The more we can learn from every crisis and issue to improve the level of information that is available for people to analyse, the more likely it is that we will get the right answers to the problems we have. If, as is happening, business is going on line - and Ms McCabe says even domestic consumers are now looking for that facility when they are spending - we should be able to analyse these trends and know they are happening and where they are happening. Going back to what was said earlier about regional balanced development, we should also be able to analyse whether spending from people who are resident outside Dublin, Cork, Limerick or the other big cities is actually happening in their local neighbourhoods or indeed transferring across to different parts of the country, whether it is Kildare Village or wherever else. That is the only way in which we can make the right policy responses to the problems that are developing.

Chairman: We have looked at the response of national Government to date. The Lean on Me initiative in the mid-west was not specifically a local government response but it was excellent. Are other responses required from local government in general?

Mr. John A. Moran: I have to thank the Chairman for the call-out for Lean on Me. That is how Mr. Butler and I got to know each other. We were trying to produce a voucher scheme for people to spend money in their local shops, which went to Clare afterwards and up to Galway. We would love to go further so I thank the Chairman. The real point for me - I know Mr. Butler probably has some views on this - is that this is an opportunity to reapproach to the way the country works. We need to think about things in a holistic way. We need to think about the shopping demands, the online productivity, where decisions are made, the devolving of power to those in local government so they can actually do it. Even in the Lean on Me initiative we ran into many obstacles with county councils and others who wanted to support it, but schemes designed effectively in a single place in Dublin left them without the discretion to do that. If we are going to think seriously about balanced regional development, it will require devolving power, including devolved budgetary power, to the various regional assemblies or local authorities so they can move nimbly and act properly. That is where a lot of the opportunity exists but we must ensure that we do not make the problem worse by holding back on the responses needed today. Frankly, having a new Government, the October statements in respect of the

budget need to really pick up on that.

Mr. Derek Butler: There is definitely a need for more firepower at local level. We are here to speak for the 100,000 businesses which employ 500,000 people across this country and which have a disproportionate effect on rural communities in particular. They are in a fragile state. They are vital to local communities and our social fabric. We have reached a tipping point. The Government has the choice to either back small businesses in a way that has never been done before and recognise their importance to the communities located up and down this country or we let them fail and suffer the consequences. Those consequences would involve a more painful recovery, greater levels of unemployment and a recovery that cannot be fuelled by emigration and exports. We have that choice and it is going to be made in the next few weeks in the context of the July stimulus. Some 26 organisations have backed this plan. Before we came in today, I asked them if they had been consulted about the July stimulus and they said they had not. I can tell the committee that the July stimulus will be dead on arrival if SMEs are not listened to. Those programmes are not designed to be effective in the same way that they have been effective in other European constituencies. I implore the committee members to use whatever power they have to make sure that the July stimulus is of the magnitude, scale and appropriate design for small businesses so that we can ensure that the 100,000 businesses which employ 500,000 people are saved.

Chairman: I thank Mr. Butler. As we have a minute or two, does Deputy McGuinness have a follow-up question?

Deputy John McGuinness: Mr. Butler has delivered the message of the day.

Chairman: Yes.

Deputy John McGuinness: The message cannot be ignored. The package had better be heavily geared towards the sector we are discussing. We must take note of the fact that at other hearings - in different scenarios and in the context of different sectors - we heard the same message that the stakeholders were not consulted. I am shocked to hear Mr. Butler say that. I hope the Government and the Departments have noted what has been said because the cat is out of the bag. The stakeholders have not been asked and they need to be asked.

Deputy Matt Shanahan: I wish to add to the comments made by Deputy McGuinness. The comment about youth unemployment is very important. We have seen what happened in Spain, which has had a very high level of youth unemployment over the years. I hope that, in the context of the July stimulus package, the Government will consider offering some additional supports to allow businesses to take on youngsters and get them working, particularly as these are the formative years of their employment lives. It is very important that this need is also addressed.

Chairman: I thank Deputy Shanahan. I thank the witnesses for attending. I am sorry that they had to travel from Limerick and Clare, respectively. Had they not done so, however, they would not have been covered by privilege if they had decided to defame somebody. I also thank Mr. Butler for joining us.

Sitting suspended at 1.05 p.m. and resumed at 2 p.m.

Impact of Covid-19: Hospitality Sector

Chairman: I welcome our guests in committee room 1. They are from the Vintners Federation of Ireland, VFI, Mr. Pádraig Cribben, chief executive, and Mr Pádraig McGann, president; from the Irish Hotels Federation, IHF, Mr. Tim Fenn, chief executive, and Ms Elaina Fitzgerald Kane, president; from the Restaurants Association of Ireland, RAI, Mr. Adrian Cummins, chief executive; and Mr. Jim Power, economist.

I wish to advise witnesses that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If witnesses are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a manner as to make him, her or it identifiable. We expect witnesses to answer questions clearly and with candour. However, witnesses can and should expect to be treated fairly and with respect and consideration at all times. I ask them to bring any concerns they may have in that regard to my attention and that of the committee immediately.

I invite Mr. Cribben to make his opening remarks. I ask him to confine them to five minutes.

Mr. Pádraig Cribben: I and my colleague, Mr. McGann, welcome and appreciate the opportunity to address the committee. First, we wish to extend our condolences to the families and friends of those who have died as a result of this pandemic. We hope those sick or in hospital as a result of the virus have a speedy recovery. We offer a very special thanks to the healthcare and front-line workers who have continued to provide essential and valuable services in recent months. They have made all our lives safer and more bearable.

Although public health is rightfully our foremost concern, the pandemic has had a considerable impact on many businesses, not least the pub trade. Our pubs are unique and provide an experience which is unmatched in any other country. That is why visiting our pubs is regarded as an essential aspect of Ireland's tourism offering. Pubs are also an integral part of the fabric of many communities, acting as a meeting place, a social hub and an outlet in areas with limited facilities.

The pub sector makes a significant contribution to the Irish economy and the Exchequer. Pubs employ 50,000 people directly and are responsible for several thousand additional indirect jobs. These jobs are spread throughout every part of the country. The sector is made up of a multiplicity of small family-owned and run businesses. There are slightly more than 7,100 pub licences in the country. Of these businesses, 78% have an annual turnover of less than €390,000 from alcohol sales. Fewer than 6% of them are in the top licence band, that is, having sales in excess of €1.27 million per annum.

Pubs have played their part during this crisis. Our industry was the first sector to close on 15 March, putting public health before our economic and commercial interests. We fully recognise this was the responsible course of action and it was strongly supported by the VFI. However, it should be acknowledged that this period has been difficult for pubs. Turnover in the industry immediately dropped to zero. Tens of thousands of people lost their jobs in the space of a single day and livelihoods disappeared in an instant. Some of them may never return.

Pubs face a very uncertain future. It is certain that public health guidelines will restrict business in our industry for some time to come and that pubs will be among the last sectors of

the economy to fully reopen. We have no indication as to when normal trading conditions will return. It has recently been suggested that that may not happen until a vaccine or treatment for Covid-19 has been found. Very few sectors of the economy have been hit as hard as the pub sector, and none will have its trade limited for such a long time.

Our sector has always been resilient. It adapts, is innovative and brings an entrepreneurial guile to whatever trading environment it faces. Whatever the post-Covid-19 new normal looks like, we have no doubt that Irish pubs will meet challenges head on, find new ways to appeal to their customers and maintain the place of the pub in Irish society. When pubs are in a position to trade, they will reopen quickly and efficiently. Our members are ready to re-employ tens of thousands of people across the country and to return to generating significant and much-needed revenue for the Exchequer. However, we must first survive the crisis. To do that the pub sector will need Government support. We know this is a difficult time for the State and the economy. However, at this time of crisis we are asking the Government to invest in protecting the viability of the pub industry. We know this investment will pay off, providing a return on investment of multiple times what is being asked and one that will make a difference to employment, commerce, Exchequer revenues and community life throughout the country.

Never before has the pub sector needed the support of the Government as it does now. In summary, there are four key areas of support needed as follows: VAT on alcohol sold in the on-trade; extension of the temporary work subsidy scheme; extension of current assistance with commercial rates; and a reduction in excise paid on alcohol. Specifically, VAT on alcohol sold for on-trade for consumption is an incentive for the on-trade to reopen and relief is sought in this area. We have collaborated with our colleagues in Dublin from the Licensed Vintners Association and Drinks Ireland, representing the drinks industry, to come together looking for relief in this area. Such a measure would generate immediate and tangible support to these businesses, allowing them to reopen viably and maintain jobs.

Until now, it was understood that such a move was disallowed under EU VAT directives. However, we have now established that this measure is possible given the European Commission Directive 2009/47/EC, which amends the original directive from 2006 with regard to VAT. The amended directive makes it possible to extend and apply a lower VAT rate on on-trade alcohol in Ireland and across the EU. Such a measure would be in step with other EU countries, which are using temporary reductions in VAT to provide immediate support to their drinks, hospitality and tourism sectors in the midst of this pandemic. In Spain and Italy, VAT in the on-trade has long been set at the hospitality rate. In Cyprus, the VAT rate on services has been reduced from 9% to 5% from June to January 2021 and this applies to alcohol sold in the on-trade. In the UK, a lower VAT rate for the tourism sector, including pubs, restaurants and hotels, is an option currently being considered. We are specifically asking that the VAT on alcohol sold for on-trade consumption be reduced from its current rate to 9% until 31 December this year.

Chairman: Thank you, Mr. Cribben. Please conclude.

Mr. Pdraig Cribben: We are asking that the temporary wage subsidy scheme remain in place until the social distancing restrictions are lifted and that it be extended to temporary employees. We are asking that the holiday on rates be extended while the social restrictions are in place. We are also calling for a 15% reduction in excise.

Chairman: Mr. Cribben, we have received your statement in advance. Thank you.

Mr. Fenn, can we have your opening statement please? Again, please confine yourself to

five minutes by telling us what is most important to you, because we have your opening statement.

Mr. Tim Fenn: The Irish Hotels Federation welcomes this opportunity to address the Special Committee on Covid-19 Response on the pandemic and its impact on tourism, hospitality, hotels and guesthouses.

The Irish Hotels Federation is the representative body of the hotel and guesthouse sector in Ireland. It is a key stakeholder in Irish tourism, working closely with our industry partners to ensure the right conditions are in place for tourism and hospitality to grow and prosper, thereby contributing to job creation.

This is the greatest health crisis in living memory and we appreciate that significant resources are being committed by the Government to address the overriding issue of public health. We also welcome the great progress being made in suppressing the disease. We express our sympathy to the family and friends of all those who have lost their lives.

Covid-19 has had a catastrophic impact on our industry, manifesting itself in job losses, revenue losses and a significant reduction in business financial resources. A much greater focus on tourism is now required given the extraordinary challenges ahead. This should put it at the top of the Government's economic policy agenda with further immediate supports for tourism businesses being made available as a matter of urgency.

We are committed to working closely with the incoming Government and the Minister with responsibility for tourism, Deputy Catherine Martin, to ensure tourism is not left behind. However, we are disappointed with the lack of a dedicated Department with sole responsibility for tourism, Ireland's largest indigenous industry.

The immediate impact of Covid-19 has been the elimination of over €5 billion in tourism revenue, representing a 74% drop for the full year, the closure of 85% of hotels during the lockdown, a collapse in business working capital and an unprecedented level of job losses. It puts at risk more than 180,000 of the almost 270,000 jobs supported by our industry. With the right Government supports, we project that annual revenues and employment can recover to 2019 levels over a five-year period up to 2025. This would mean €7.7 billion in revenue and the employment of 270,000 people. Without appropriate supports, we see 2025 tourism revenue at €5.4 billion and employment returning to just 190,000 people, which is 30% fewer than in 2019. Over a five-year period, this would represent a cumulative additional loss of approximately €7 billion to the economy and additional cumulative unemployment costs of €3.3 billion.

The Irish Hotels Federation has developed an outline plan to restore activity and employment to 2019 levels by 2025. This will also help restore the estimated €2 billion contribution in tourism taxes to the Exchequer each year, in addition to reducing a potential State bill of €2 billion per annum in unemployment costs. This proposed recovery plan will require a coordinated approach from the Government, State agencies and industry stakeholders and will form part of the IHF's contribution to the tourism recovery task force recently announced by the Government, of which IHF president, Ms Elaina Fitzgerald Kane, is a member. While we welcome the various business and employment supports introduced already, they do not go far enough. The tourism and hospitality industry has been far more severely affected and faces a more challenging road to recovery than other parts of the economy. This has not been adequately recognised as yet.

The overriding priority must be to safeguard the livelihoods of the 270,000 people whose jobs are supported by tourism. As such, it is vital that the wage subsidy scheme is continued and extended to include seasonal employees and take account of employees being previously on reduced hours due to seasonality. The scheme should be continued until the impact of Covid-19 restrictions has fully abated.

Additional Government measures on liquidity and competitiveness are also required to protect tourism livelihoods to address the challenges we face. Tourism businesses now have a significantly weakened capital base caused by restrictions introduced to suppress Covid-19. These measures should be tailored to the specific challenges facing tourism to help businesses survive and restart, including significantly increased grants to assist tourism businesses to reopen and survive, 0% interest on Government guaranteed finance and a Government support scheme for the deferral of capital and interest payments for a period of one year. Other countries such as Germany, France and Spain have provided immediate fiscal impulse measures, including direct support to help their businesses restore their capital base and restart.

International competitiveness is key to our industry. We are calling for a reduction in tourism VAT to 5% until December 2021, followed by a permanent restoration to 9% to assist recovery and secure a viable and sustainable future for tourism. International competitiveness is an urgent issue and Irish hotel VAT is now higher than VAT on hotels in 28 European countries with which we compete. In addition, the local authority rates and charges waiver period should be extended to coincide with business interruption due to Covid-19, with a revision of ongoing charges to reflect reduced business activity during the recovery period.

The Irish Hotels Federation has worked closely with Fáilte Ireland-----

Chairman: I ask Mr. Fenn to conclude, please.

Mr. Tim Fenn: Must I stop now or can I have ten seconds to finish, please?

Chairman: Mr. Fenn has ten seconds to conclude.

Mr. Tim Fenn: We have worked with Fáilte Ireland to establish agreed operational standards for hotels in accordance with HSE requirements and international best practice. Our priority will always be the health and safety of staff and guests. We are confident that people can look forward to a relaxed, enjoyable and well deserved break in an Irish hotel this summer, secure in the knowledge that they are in a safe environment.

As to gatherings, we ask that the Government issue guidance and a roadmap to the end of the year so that couples who intend to plan their weddings can have some clarity. Tourism is a vital indigenous export industry, accounting for 4% of GNP as of 2019, and with the right supports it can again be one of the most effective ways to spread employment opportunities and prosperity throughout the country.

I again thank the Chairman for the opportunity to address the committee. Ms Fitzgerald Kane and I will be happy to answer any questions that he or committee members may have.

Chairman: I thank Mr. Fenn and invite Mr. Cummins to make his opening statement. I again ask that he confine his contribution to five minutes so that we have as much time as possible for questions and answers.

Mr. Adrian Cummins: I thank the Chairman and members of the committee for the op-

portunity to appear before it. On behalf of the Restaurants Association of Ireland, I extend our sympathies to all those who have lost family and loved ones during the Covid-19 crisis. I thank our front-line workers for their Trojan efforts to keep our country safe, and especially our medical staff throughout the State. Members of my family are involved on the front line, and I appreciate the work they have taken on board. We thank them thoroughly.

Restaurants, cafés and gastropubs are a key component of the accommodation and food services sector. At the end of 2019, 125,800 workers were employed in food and beverage activities according to the Central Statistics Office, CSO. There are more than 10,000 such businesses, with 6,500 having a broad regional and rural footprint. It is estimated that the restaurant sector contributes €3 billion to the economy annually. It is a key customer of Irish agrifood producers from a farm-to-fork perspective.

The sector is also a crucial component of the Irish tourism product. Having a high-quality and affordable restaurant offering is vital to the success of tourism in Ireland. Restaurants and food service businesses employ workers in almost every city, town and village in the country. The programme for Government is clear: tourism is one of Ireland's most important economic sectors and the Government recognises its significance as a source of local employment and regional development. Serious damage will be done to this sector if those businesses are not enabled to survive.

The past 17 weeks have had a significantly damaging impact on the restaurant and hospitality sector. The recent CSO survey on the business impact of Covid-19 stated: "More than three in every five (62.2%) of enterprises in Accommodation and Food Services had ceased trading, either temporarily or permanently, compared to 7.3% of all other Services enterprises." Simply put, the restaurant and hospitality sector was hit hardest by this crisis and will take the longest to recover. It cannot be denied that there will be no mile-long queue to enter restaurants, as is the case for some high-street retailers. No booking websites will crash with appointment inquiries, as is the case for some in the beauty industry. The recovery for restaurants will be slow and, without tourists for the foreseeable future, it will be a hard-fought battle to survive. Without immediate access to, and an extension of, the temporary wage subsidy scheme, seasonal businesses, the mainstay of Irish tourism, will not reopen. Current business supports do not go far enough.

The CSO reported last week that just 3.5% of SMEs have applied for the Covid-19 working capital loan scheme. SMEs simply cannot afford more loans. We have put forward a viable, fully costed plan to stabilise and rebuild the Irish restaurant sector, and its author, the economist Jim Power, is here today. As we start on the road to recovery, the challenges we have are that seasonal new businesses are excluded from the temporary wage subsidy scheme, which we require to be extended to next year to give us some fighting chance of keeping our doors open; that there has been little or no payout from insurance companies on business interruption claims; that landlords have not stepped up to the plate and are demanding full rent for the period of closure at a time of economic crisis in our country; that utility providers have disconnected services; and that the VAT rate of 13.5% is unviable and must be reduced to 5%.

Some say the market will take care of itself and that unviable businesses will fail. How does one tell a third-generation family business in the hospitality sector in Waterford, Kilkenny, Monaghan, Dublin, Cork or any other part of Ireland that, through no fault of its own, it must fail because the country and its Government did not see the value in protecting small businesses and jobs? The cost of not supporting the restaurant sector will have a much greater impact on the economy because 100,000 workers will remain unemployed and the costs to the Exchequer

will be €2 billion on social protection expenditure, €500 million in lost payroll taxes, €240 million in lost VAT receipts and €52 million in lost commercial rates. We are asking the committee for urgent action and a roadmap. We are also seeking assistance to help our industry recover.

Chairman: I thank Mr. Cummins for his contribution and for keeping to the five minutes provided. The first member to speak will be from Fianna Fáil, Deputy John McGuinness. He has ten minutes.

Deputy John McGuinness: What engagement have the witnesses had with the Government or senior officials in the respective Departments to put forward their requests for supports and for the inclusion of those supports in the July stimulus package? Have the witnesses been consulted in respect of the July stimulus package?

Mr. Adrian Cummins: I will speak on behalf of the Restaurants Association of Ireland. We have had contact with the Department responsible for tourism. Its officials have been excellent in listening to our requests. We have had problems with the Department responsible for business and the lack of engagement by that Department in supporting grant applications for our industry and listening to our needs. We feel there is a disconnect between various Departments in terms of getting things done. What we need is urgent action, including through the tourism recovery task force, with which we all agree. There are recommendations on the reduction in the VAT rate and a grant aid package. It is not loans that we want but grant aid. We need to make sure that it is moved through the system very quickly. We need to consider very low cost, or 0%, loans to ensure long-term liquidity for our industry. Other witnesses will have other asks but we-----

Deputy John McGuinness: I realise what Mr. Cummins is saying with regard to his engagement with the Departments and other agencies. He has put before them his ask. I want to know the response. What we have heard so far in these hearings about the SME sector, particularly micro-businesses, is that it has been loud in its declaration of what is required but that the follow-up from the Department has been extremely poor, and that the sector still struggles to get the Departments to understand the case it is making. What has been the response of the Government and Departments?

Mr. Adrian Cummins: It has been very poor.

Deputy John McGuinness: Is that the experience of the other witnesses?

Mr. Pdraig Cribben: We have had engagement with the Department responsible for tourism and we have also had substantial engagement with the Department responsible for enterprise, including with the Minister and the Secretary General, and with other Departments. The clear message coming back was that the July stimulus package would determine what was going to be done, and how. That has been coming back very clearly but there is possibly a lack of understanding of what is required specifically for the SME sector. We are dealing with very small businesses. As I stated in my presentation, 78% of businesses in the pub sector have an annual turnover of less than €390,000 from alcohol. The concept of credit guarantee schemes involving interest rates of around 4% does not reflect what is needed in the SME sector. I agree with Mr. Cummins that what are needed are grants because the grant aid, while welcome and acceptable, is insufficient in terms of a refund, rebate or the equivalent of the 2019 rates.

Deputy John McGuinness: Mr. Cribben wants to see a wide-ranging package of grants in the July stimulus that will support the general business sector he represents. If I am reading him

correctly, loans may be considered by the sector but only if they are at 0%.

Mr. Padraig Cribben: Absolutely.

Deputy John McGuinness: May I ask him about the banks and older borrowings within businesses that have come through the recession and the financial crash? Is there a demand within the sectors to bundle those loans and seek support for those loans in the long term with help from the Government? This would allow businesses to deal with long-term debt and short-term requirements for capital, with them getting all of it at a sustainable rate for the business.

What has been the response from the banks to requests for support or loans, or perhaps a stay on the heavy debt of businesses? Mr. Cummins raised the point of landlords demanding that rent continue at the level it was prior to the Covid-19 crisis. He spoke about utilities cutting off services to businesses. What does he want the Government to do about this?

Mr. Adrian Cummins: With regard to landlords, we want the same protection that residential tenants have for our commercial tenants. In the restaurant industry, 90% of businesses are rented and landlords have definitely not stepped up to the plate to take their fair share of the pain that all businesses are currently suffering. If turnover is down by 50% to 75%, landlords across the country must realise that rents cannot be paid at pre-Covid levels. Currently, they are seeking 100% of the rent upfront or continued with no haircut or reduction. This will be a tipping point for the vast majority of what are small businesses. These are coffee shops employing ten or 15 people, for example.

We are moving into a space where we will see many businesses having to close their doors because the landlord is not playing ball. All we are getting is tea and sympathy while they ask for full rent. We have no structure in this country to deal with that.

Deputy John McGuinness: Are the utility services playing ball?

Mr. Adrian Cummins: Absolutely not. I can give a simple example. There are some utility services now demanding payment upfront and they are targeting the restaurant industry for large deposits for connections. We are being singled out as a sector in this respect. We have spoken to the regulator and identified that this is an issue. We are being targeted by some but not all utility providers, and they seem to be targeting smaller businesses as opposed to larger ones. Businesses do not have the level of cash deposits required. This must be fair and balanced and everybody must step up to the plate in this crisis, including the banks, landlords and utility providers

Deputy John McGuinness: What has been the response of the banks?

Mr. Adrian Cummins: The banks at the beginning came in kicking and screaming. The Minister told them to give some sort of help, which amounted to deferment of loans. There have been no loans written off. There has been no assurance by the banks for our sector in particular, where people tend to have personal guarantees for loans on commercial property or enterprises. The banks have stated there will be no action on personal guarantees. We should remember the Irish people bailed out the Irish banks to the tune of €65 billion and the banks must do a little more to help SMEs across the country.

Deputy John McGuinness: Do the witnesses expect the employment level within the sectors to drop and will they be looking for assistance in terminating employment contracts and effecting redundancies and so on? Has there been reaction from members in all of this? What

has been the response from Government?

Mr. Pádraig Cribben: There is no doubt but that as we reopen with capacities reduced, probably to a maximum of about 50%, with no tourism, conventions or big gatherings, the staff numbers required will drop. That is unfortunate but it is also short-term. We need supports until we can get back on our feet with tourism, businesses and events coming back. Redundancy, certainly, will be an issue. There is absolutely no point in finding ways to inject liquidity into businesses on the one hand and having three or four redundancies shortly afterwards that will suck that liquidity out of the business again on the other. We have to get back to the position of some years ago where the vast majority of the redundancy costs were borne by the fund. We have raised this issue on a number of occasions with the Department of Jobs, Enterprise and Innovation. We know that the current position regarding the application for redundancy has been deferred for a period but we also know that that needs to be extended. Otherwise, there is no point in having liquidity going into businesses that will be sucked out in that way.

Deputy John McGuinness: Essentially, what Mr. Cribben is asking for here is a huge injection in the July stimulus and for each Department and Minister to understand that this is urgent and required now.

Mr. Pádraig Cribben: Absolutely. This is not something that can wait or be long-fingered. Businesses are open. Collectively, in the three organisations represented here today, many will have opened yesterday. In our sector we have another three weeks to go before the final part of the jigsaw can be put back in place but there is no point in introducing something in a budget in October. Everything needs to be in the July stimulus in order that people can see what they are facing, which will allow them to plan properly and return to some level where they can minimise the losses because we are certainly not looking at returning to profitability. We are looking to open the door to give the service and get people back working.

Chairman: I have a quick follow-up question. The witness mentioned that some businesses are opening and some are not. Has he seen these new regulations determining which pubs can open and which cannot and under what conditions, which have been signed by a Minister? Have any of the witnesses seen them?

Mr. Pádraig Cribben: We have not seen the guidelines for what we call-----

Chairman: I meant the actual regulations; the legal instrument. Has Mr. Cribben seen any sign of that?

Mr. Pádraig Cribben: No. All we have at this point in time is a set of guidelines, issued by Fáilte Ireland with the Government of Ireland stamp, outlining the conditions under which pubs which do food could open yesterday.

Chairman: Mr. Cribben has not seen the regulations, however. Does he know if they are even available?

Mr. Pádraig Cribben: Not that I am aware of.

Chairman: Does he have any legal advice on whether a regulation which is not available is enforceable legally?

Mr. Pádraig Cribben: Our understanding is that what we have is a set of guidelines. They are not laws. Obviously, against the background of the guidelines and the situation we are

under, the Health and Safety Authority and the Garda have certain powers but our clear understanding is that we are dealing with a set of guidelines, not with a set of laws.

Chairman: That is Mr. Cribben's understanding. The Minister or somebody from his Department might decide to promulgate the laws, if they exist. It is a bit like transubstantiation; we are told it happens but I have not seen it. Beyond that, I cannot say. I call Deputy O'Rourke, who has ten minutes.

Deputy Darren O'Rourke: I thank the witnesses for their presentations and opening statements. I have a question for the three of them separately. Individually, they represent a significant number of members and whether they be hotels, restaurants or pubs, it is a broad range and they can be very different animals despite coming under the same bracket. There seems to be a very low uptake of the financial supports offered by the Government. Is that true across the board in each sector, or have certain categories of hotel, for example, seen greater uptake? Likewise, have certain categories of restaurant or pub responded more favourably?

The witnesses have all raised the issue of the temporary Covid-19 wage subsidy scheme and the particular elements which apply to seasonal workers. Can they expand on the practical implications for seasonal workers? I am conscious that the scheme is based on payrolls from January and February. This may be a quieter time of year for some of the businesses represented here, with fewer staff employed. Could the witnesses speak to those two points?

Mr. Tim Fenn: I thank the Deputy. To take the temporary Covid-19 wage subsidy scheme issue first, if a worker was not employed on 29 February 2020, he or she will not qualify for the scheme. That means that businesses that were open on 29 February are now directly competing with businesses that were closed for the winter period and have only managed to start now. We now have a temporary Covid-19 wage subsidy scheme that is manifestly unfair. It is anti-competitive and it is leaving these people behind. It would be very easy for the Department to come up with a scheme that would use historical employment records to identify those who were employed last summer for inclusion in the scheme. There is a precedent for this. It was done for people who were on maternity or paternity leave and have been added to the scheme.

The temporary Covid-19 wage subsidy scheme is a key part of the ongoing support our industry requires. We are now operating under the guidelines Mr. Cribben mentioned earlier. Those guidelines are in the interests of the health and safety of our staff, businesses and guests. They require a significant increase in staffing levels and running costs while businesses are being asked to operate at much lower capacities than normal. The difficulty with this is viability. If we seek to retain the connection between employees and employers and do our best to support the livelihoods of all of those people, the temporary Covid-19 wage subsidy scheme will be absolutely critical. It should be amended to include seasonal staff.

Deputy Darren O'Rourke: If this matter has been raised with the Department or the Minister, what sort of response has been received?

Mr. Tim Fenn: The statement in the Dáil by the Minister for Finance noted there were no current plans to amend the temporary Covid-19 wage subsidy scheme. Previous comments have indicated that there would be no sector-specific measures and that it would be up to the next Government to address all of this. We are hopeful.

Deputy Darren O'Rourke: I am conscious of time. Has the Irish Hoteliers Federation noticed a difference between hoteliers, for example, where the uptake of various grants and sup-

ports within the sector is concerned?

Mr. Tim Fenn: Our view is that the Strategic Banking Corporation of Ireland, SBCI, structure governing start-up grants is completely unfit for purpose. They are limited to €10,000 for SMEs. There are two key points here. For a hotel, that sum is the equivalent of seven and a half bedrooms. The average hotel in Ireland has about 70 bedrooms. As such, hotels are simply excluded. Furthermore, the way it is put together is dysfunctional from the point of view of small business. It discriminates against small businesses that are labour-intensive. If a business has more than 50 employees, it simply cannot claim the grant, regardless of turnover. Our industry is labour-intensive, so the measure works to exclude it.

Deputy Darren O'Rourke: I thank Mr. Fenn for his reply. Can Mr. Cummins also come in on the wage subsidy scheme and differences among restaurateurs in the sector?

Mr. Adrian Cummins: I concur with the presentation and comments of the representatives from the Irish Hotel Federation about seasonal workers and the temporary wage supplement scheme. We are all in the same boat and it is exactly the same for restaurateurs and hoteliers.

Deputy Darren O'Rourke: It is the same experience.

Mr. Adrian Cummins: It is. I will defer to my colleague, Mr. Power, on trying to get funding from the banks.

Mr. Jim Power: The experience I find with the SME sector generally is that the banking sector is proving incredibly difficult at the moment. One of the problems is that in a free banking market, banks are loath to lend to or support SMEs at this time when business risks are significantly higher. State intervention is required and banks will have to be given some guarantees of some sort in order to provide more capital to small businesses because they will not do so if they are left to their own devices. There is no doubt about that. There are many solutions to ensuring that as many businesses as possible that shut down in March are able to reopen and survive the challenging environment they will face over the next 18 to 24 months. The banking sector has to step up to the plate and play a more constructive role. I agree with Mr. Cummins' point about the amount of money we put in to support the banks over a ten-year period. It is time for the banks to help.

Deputy Darren O'Rourke: I will move on to discuss price and affordability because I am conscious of the time limit. It was mentioned in the earlier session that the previous crisis was one of debt and that this crisis is one of confidence. Sinn Féin launched a proposal last week to stimulate demand within the tourism and hospitality sector through the issuance of vouchers for each individual and family across the country. Some of the responses we got referred to the issue of affordability within the Irish tourism and hospitality sector. Some people said that they can holiday in Spain far cheaper than they can in Ireland and gave examples of very expensive hotels, holiday homes and that sort of thing. The sector is requesting a lot of the State. What measures will be taken within it to tackle that issue of affordability and to ensure that fair value is available to consumers?

Mr. Tim Fenn: I thank the Deputy for his question. We are delighted to get the opportunity to talk about value. I will defer to our president, Ms Fitzgerald Kane, on that matter.

Ms Elaina Fitzgerald Kane: A customer who stays in our hotel tonight can do so for €95, including bed and breakfast. A family can stay for €125. I have looked at the cost of various hotels across the country for tonight and midweek next week and have found double rooms at

€79 and family rooms at €129. There are 11 activities available for children in our hotel. We have a considerable level of resources.

I have one telling reminder for people who are planning a staycation when there are so many options available. It is critical that people book directly because that is how to find the best value. Online travel agencies often misrepresent the situation. I did a search for a family of four last week and although I requested one room, the website I was using deferred to two rooms which made it look as if a stay would be twice as expensive. It is critical that people book directly. Value means different things to different people but being able to stay as a family in a four-star hotel with a leisure club and facilities for children for €125 or €129 offers opportunity.

The Irish Hotels Federation is precluded from fixing rates or anything like that from a competitive point of view. There is value available across the country right now, as there always is. Inevitably, the further in advance someone books, the greatest opportunity they will find. People who find themselves in a zone that does not represent value to them should move on to the next alternative but there is certainly great opportunity in the context of value.

Deputy Colm Burke: I thank our guests for their presentation and for giving very detailed analysis of the challenges their businesses now face. I will come back on one or two issues that have already been raised in respect of utility companies now acting unfairly. Do the witnesses want to identify the utility companies they are referring to? Would it be helpful if a clear message was sent out from here by identifying those utility companies that are felt to be acting unfairly?

Mr. Adrian Cummins: I will furnish the Deputy with the details of the utility companies directly tomorrow. I will email them to him. I have raised it with the Commission for Regulation of Utilities and highlighted that this has to be dealt with. Why is the hospitality sector targeted for deposits while other sectors are not? It is very unfair.

Deputy Colm Burke: I will move on to the issue of insurance. All of the industry members the witnesses represent have had three months where there has been no activity. Footfall through the premises for the overall 12 months is going to be at most only 60% of what it would normally be. I had a conference call with some of the members of the Irish Hotels Federation in Cork two or three weeks ago. This was one of the issues that came up. In respect of the engagement with the insurance industry, what has the response been? Hotels have now been closed for three or four months. Surely there should be a reduction in insurance accordingly. One of the witnesses might give us an idea of the insurance cost per annum on, say, a 100-bed hotel.

Ms Elaina Fitzgerald Kane: A classic example is our own hotel which is in the region of that size. Just in the context of numbers, a lot of hotels have had to continue to pay insurance or there are different types of schemes around it. Against the backdrop of a reduced amount of activity in terms of both sales and employment, we are not seeing that mirrored with the same levels of decreases in premiums as they are rearranged. There are some policies that are seeking to exclude Covid also. It is not just what happened pre-Covid but also these new conditions and what we are seeing. This is a source of great concern to us as businesses reopened yesterday after 105 days of cash burn. There are a lot of challenges around. The Deputy may be familiar with Michael Magner in Cork, who is very close to that. It is something that needs to be seriously addressed. It is so anti-competitive in terms of trying to build forward and certainly in terms of the level they cover and the confidence and assurance that comes with it.

Deputy Colm Burke: Just to give the general public an idea, the quote given to me by one

of the hotel owners was that they were paying €90,000 in insurance costs. Would that be reflective of a 100-bed hotel or would it be a lot more than €90,000?

Ms Elaina Fitzgerald Kane: Absolutely. It can indeed be more as well. In our own case it would be a higher level than that.

Deputy Colm Burke: We are talking about €2,000 a week in real terms, if we put it into that context.

Ms Elaina Fitzgerald Kane: Correct. In our own hotel, we measure it as €9,000 per month.

Deputy Colm Burke: I also want to talk about commercial rates. Again, there is not much knowledge among the general public about the cost of commercial rates to hotels. One of the quotes given to me was that one hotel in Cork is paying €420,000 per annum in commercial rates. Across the country, for a 100 bedroom hotel, what would be the commercial rates? I am referring to rates paid to the relevant local authority. It is important that we get this information out to the general public. People do not realise the cost per week. That is the way I look at it. I am from a self-employed background myself so I am very much looking at the cost per week of running any business. The costs involved relate to insurance, commercial rates, rent and wages. What is the normal commercial rate for a 100-bed hotel?

Mr. Tim Fenn: Right across the board hotels pay, on average, €1,500 per bedroom so for a 100-bed hotel that is €150,000. We pay approximately €90 million a year in local authority rates. The key issue now is that when we are open, there is no change in the rates that we must pay. However, businesses that operate over the next year or two may do so at 50% of their normal turnover. The rates liability is based on the historical rentable value of a property. There is no provision in legislation to allow for a change to this during a pandemic such as that relating to Covid-19. Our businesses are acutely aware of the fact that these fixed costs will continue into the future, and there is no provision to allow for some holiday on that. If one were to take it that €1,500 is the average, people in certain parts of Ireland pay €500 but we have members who pay €3,000 per bedroom per annum.

Deputy Colm Burke: It is important to get that information out there because it is vital that people see the cost factor involved for hotels. It was suggested earlier that the temporary work subsidy scheme be extended. What kind of extension do our guests envisage in this regard and what changes would they make to the existing scheme?

Mr. Tim Fenn: If we had a blank page, we would rip it up and throw it out. We would start again and provide a simple form and grant aid structure that would be based on the total level of employment expenditure in a business. In fairness to the Departments that were involved, the scheme was developed over a weekend. Unfortunately, it has given rise to many hundreds of questions being submitted week after week by people trying to figure out how to use it. The scheme is unworkable but people are doing their best to work with it.

If it is not possible to change it and use a simpler form or measure, then we ask that it continue for the duration of the pandemic - and until such time as the impact of the virus has abated - and that a time limit not be applied to everybody. Our industry is going provide services for a period beyond those relating to other industries and during which we will be limited because of international travel restrictions and the safety measures that are properly required to make sure people are safe. We ask that the scheme continue until the impact of Covid-19 has abated and its-----

Deputy Colm Burke: The restaurants located on the street on which my business is located have been seriously affected. Do the witnesses have any idea of the number of restaurants that will not reopen? Is there feedback to indicate the percentage of restaurants that will not do so?

Mr. Adrian Cummins: Everybody will try to reopen. People are fighting for their business lives. Unless the wage supplement scheme is continued until next year and the July stimulus package contains substantial grant aid, then 50% of all restaurants will close. Some restaurants did not reach the starting line, which was yesterday, and have remained closed. These are seasonal businesses in west Cork and Connemara that cannot open. The situation is so serious that we need a package of measures, VAT reduction, grant aid and the temporary wage supplement scheme. Absolutely from our sector alone we need some sort of burden sharing for the landlords where everybody must take a cut. I mean the banks, landlords and tenants.

Deputy Colm Burke: And insurance companies.

Mr. Adrian Cummins: And insurance companies. I will defer to my colleague, Mr. Cribben, who represents the vintners, to discuss insurance. For my sector, insurance is an issue but it is a bigger issue for hotels and pubs.

Mr. Pdraig Cribben: Insurance is a major issue. The non-payment of insurance due to business being interrupted has been well documented in the press. There are serious issues in that regard, as well as around forbearance when businesses are closed. There has been a very mixed bag in the context of businesses having been closed for 13 or 14 weeks. In some instances, insurance companies have stated they will discuss the matter when the business renews its policy at the end of the insurance year. Of course, that means the business cannot shop around for options because it is tied to that insurer. The insurance companies have behaved abysmally on this issue, but we probably would have been foolish to have expected anything else, given our experience with insurance companies and insurance generally in recent years.

Ms Elaina Fitzgerald Kane: I wish to correct a figure I gave earlier. The insurance figure is €11,000 per month, but I incorrectly gave the figure of €9,000, which relates to rates. I wish to ensure there is clarity in that regard.

Deputy Steven Matthews: I thank the witnesses for their attendance. I previously raised in the House the issue of seasonal workers. I am aware that the loss of seasonal work will create hardship for many people, especially students, who very much depend on restaurant, hotel and pub work to get them through a large part of their next term. It is probable that financial hardship will be experienced if we cannot provide supports for those in seasonal work.

Mr. Cribben finished on the issue of insurance and that is where I wish to start. Well before Covid, I was contacted by publicans who were experiencing difficulty in respect of public liability insurance and its significant cost. As we head into the reopening stage, I am conscious that there is a significant onus on businesses with regard to managing distancing, new working arrangements, hygiene, cleaning and time limits. That will be very challenging for businesses. If they are unable to manage it and a venue becomes a location of transmission of Covid or is identified as a cluster, will the venue or owner be liable? What supports can the witnesses' organisations offer to their members in that regard? The Chairman inquired as to who has responsibility for the enforcement of the new working conditions or arrangements that must be put in place. Who will be responsible for telling a person that he or she should be on a premises for no more than an hour and five minutes? How does one deal with a person who is not willing to leave after that time?

Mr. Pdraig Cribben: On the issue of insurance, essentially, the insurers have stated that they have no liability in respect of Covid-19 in the context of business interruption insurance. That is the starting point. The question then arises of what happens if there is an outbreak of Covid-19 on a premises or a person takes a claim against a business on the basis of a belief that he or she contracted the virus on the premises. What we are seeing is that it is being specifically written into the policy of those renewing their insurance that they will have no coverage in respect of Covid-19. Effectively, if there is an issue related to Covid-19 on the premises, the business is on its own. The only potential defence a person would have would be that he or she had followed the guidelines.

This issue goes deeper than that. Significant insurance reform is needed. I am glad the programme for Government specifically mentions insurance reform. Mr. Fenn referred earlier to a particular document needing to be torn up and recalibrated. That is what needs to happen with the book of quantum because we have the highest level of awards in Europe. That is one key element which needs to be addressed. Another key element which needs to be examined is the duty of care. Essentially, if a person walks into a premises this evening, the owner of the premises has an almost absolute duty of care towards that person. There is nothing about personal responsibility. That personal responsibility needs to be taken on board. Legislation needs to be put in place to underpin a significant change in respect of the duty of care.

Deputy Matthews asked who was responsible for policing the guidelines. I saw a headline in one newspaper during the week. It was very much a case of pass-the-parcel. No one was accepting responsibility, from the HSA to the HSE to the Garda etc. Essentially, what happens in that case is that it falls on the individual publicans to decide to implement, as best they can, the guidelines. The problem is that “as best they can” might not be good enough if an inspector walks in and takes the view the guidelines are not being followed. It would be helpful if there were clear guidelines on who the police are in this situation. Our understanding all along was that it was the HSA, but certainly on the basis of some media speculation the authority is a little shy in this area.

As for adherence to the guidelines, there are a great many of them. We should bear in mind that the guidelines for the pub sector that opened yesterday ran to 23 pages. That is on top of another 23 or 24 pages of guidelines that were in the 5 May document for the general opening of businesses. Trying to distil the language in 46 pages down to a small number is something of a challenge. It places quite an onus on business owners, who are already anxious about their capability to survive. They are already anxious about their employees and customers and viability, as well as what they have to put in place. This is putting extraordinary stress on operators in the market. To a certain extent, this is unfair when there are no clear guidelines. The guidelines are sometimes ambiguous, which is fine but there are no clear guidelines on who is implementing them in the sense that if I have an issue I can go to that person to look for guidance.

Deputy Catherine Murphy: There is no doubt we require a different approach on this occasion from that employed during the last economic crash. It requires a stimulus and it must be targeted. It has to be a job-rich recovery.

I am keen to focus on the temporary wage subsidy scheme. It was put in place and it was a very good idea to have industries capable of scaling up once they opened.

How do the representative bodies see the temporary wage subsidy scheme being used in respect of seasonal staff? How would the scheme be used for a typical employee who was employed for the month of August? What would that look like?

Mr. Padraig Cribben: There is one possible way around it. I would agree with the Deputy that this must be a job-rich recovery. One thing this sector has proven since 2011 is that the recovery in the sector, whatever else it has been, has been highly job-rich. With the proper supports and help, it will be a jobs-rich recovery in this sector again.

It is a challenge in terms of seasonal staff but let us consider the businesses. They will have had several staff in 2019, whether in the months of July or August. That will all be there in the Revenue returns. It should be based on what the businesses had in 2019, whether in the months of July, August or September. Those businesses should be allowed to support to the level of employment they had last year. It is along those lines that the solution has to be found. The first thing needed before we look at the detail of the solution is the will to find the solution. If we can get the will to find the solution in the Department, then I believe with the collective heads around the industry we will find the detailed solution for how an implementable solution would work.

Deputy Catherine Murphy: I am trying to get my head around what it looks like. Is it a payment to a particular hotel to employ someone? Is that what it looks like?

Mr. Padraig Cribben: It is along exactly the same lines as what is in place at the moment. It is assistance to the employer to keep the employee in place.

Deputy Catherine Murphy: The temporary wage subsidy scheme was intended to be used while people were unemployed. Mr. Cribben is speaking about it being used while people are in employment.

Mr. Padraig Cribben: Absolutely, yes. The temporary wage subsidy scheme was also in place for people who were employed.

Deputy Catherine Murphy: Yes. What are the industries collectively doing to address the behaviour of landlords, for example? Do they envisage leaving this matter exclusively to the Government to address or is a collective approach being taken to burden-sharing with regard to utilities, insurance and landlords, particularly institutional landlords? Has the industry taken any initiatives to try to address this matter, rather than leaving it to individual business to address with their landlord, utility or whatever it may be?

Mr. Adrian Cummins: I thank the Deputy for a very good question. This is one of the biggest issues we face at the moment. In the middle of the second quarter, with landlords demanding full rent, there is no State apparatus available for commercial tenants to seek to have mediation, burden-sharing or another mechanism put in place. In other countries, such as France and Denmark, the state has intervened, specifically during the Covid-19 crisis, to bring banks, landlords and commercial tenants to the table and put a forum in place. Three weeks ago, the UK created a commercial rent forum for businesses. This does not solely concern the hospitality sector as retailers are in the same boat as we are. This is one of the biggest issues restaurants are facing at the moment. The State has to intervene and bring all parties to the table. While we understand that there is a constitutional issue with property rights, all parties have to play their part in dealing with this crisis and landlords are not doing so.

Chairman: I call Deputy Paul Murphy.

Deputy Paul Murphy: I will start with some questions for Mr. Cribben of the Vintners Federation of Ireland. On the 2 m or 1 m distancing requirement in pubs, the World Health Organisation's special envoy on Covid-19, Dr. David Nabarro, has made very clear that 2 m is

very safe and much safer than 1 m as it protects people from 99% of droplets. The advice on pubs changed in recent weeks when the 2 m distancing requirement to be applied across the board was changed to 1 m provided people are only on the premises for 90 minutes. I am interested to hear what role the Vintners Federation of Ireland played in this change and if it had any medical or scientific evidence to back it up? What role did lobbying by the VFI play in that decision? What interactions did it have with the Government on the issue?

Mr. Padraig Cribben: The question of 2 m versus 1 m distancing is about much more than pubs. One of the first interventions I saw on this issue was by the chief executive of the HSE regarding emergency departments in hospitals, which are probably the most critical area of all. Our intervention was quite simply to get some independent research done on what the effect of a 2 m versus 1 m distancing requirement would be on capacity in the business. It was purely on capacity and what it showed was that a 2 m distancing requirement would reduce standing capacity to 12.5% and seating capacity to 34%. If it remained at 2 m in a pub where people stood rather than were seated, there would be 12.5% of the capacity, which is obviously not viable. At 1 m, that 12.5% would become 50%, while the 34% seated would become 65%. All we did was put that into the public domain. We carried out that research together with our colleagues at the Licensed Vintners Association in Dublin and put it into the public domain as something that was very relevant to the viability of a sector employing 50,000 people, with 7,000 small, family-run businesses with small turnovers. We thought that was a proper step to take in the context of the debate about Covid-19.

Deputy Paul Murphy: To clarify, the study the VFI commissioned did not consider the question of the impact on people's health, whether that of staff in pubs or of customers or the wider community. Were there lobbying interactions with the Government about this, separate from the public intervention and the publication of the study?

Mr. Padraig Cribben: The study was a capacity study carried out by engineers. We have said from day one, and we continue to say, that we will abide by the public health advice coming from the Government. That has been our position from day one. The Deputy will recall that on 15 March, we stood shoulder to shoulder with the then Minister for Health when he decided to close the pubs, and we have not deviated from that since. We made the report available to various Ministers. That was the extent of where we took it to.

Deputy Paul Murphy: Mr. Cribben stated the VFI has stuck with the public health advice, but the public health advice at that stage was quite clear about the 2 m distance. The purpose of the study was to make the case for a reduction of the 2 m but that was not grounded in science or public health. It was grounded in the capacity and viability of pubs, which I appreciate is an important issue, and not in public health.

Mr. Padraig Cribben: We are not public health experts. We have left the matter to the public health experts and they have issued a set of guidelines for the trade, some based on 2 m and others based on 1 m, and our strong advice to our members has been to follow the guidelines as laid out by the public health officials and the Government.

Mr. Padraic McGann: For the information of the Deputy, in my premises in Galway, which would have accommodated 28 people standing, it has been reduced to 12 people with the 1 m guideline. There is a hallway that can have nobody in it and people have to walk into the lounge, where the capacity has been reduced from 120 people to 34.

Chairman: With regard to restaurants, what is the guideline now? There is supposed to be

some kind of law in place for pubs but nobody has ever seen it. Is a law in place for restaurants or what is the guideline?

Mr. Adrian Cummins: Guidelines for all sectors have been issued by Fáilte Ireland. We have to abide by the return to work protocol, which is a law and which is overseen by the Health and Safety Authority.

Chairman: Is the guideline for standard restaurants a distance of 1 m or 2 m?

Mr. Adrian Cummins: It is 1 m provided that customers are seated for a maximum of 105 minutes.

Chairman: Presumably, if people do not feel comfortable or safe with that, they can make a choice.

Mr. Adrian Cummins: It is a choice.

Deputy Matt Shanahan: I thank our guests for appearing before the committee. I begin with the Restaurants Association of Ireland. In Waterford, two long-established restaurants have signalled they will not reopen. They are both owned by two gentlemen not of Irish nationality who have been great supporters of business in the city for years, and it is very sad to think it is totally unviable for them to come back to the marketplace.

While I was outside watching the proceedings of the committee, I also watched our new Tánaiste, Deputy Varadkar, speaking about the rate of interest being applied to SME loans. He explained that the 4% interest rate is because of the default rate. In other words, the Government is not prepared to support any default. It would rather pass the charges on to the SME sector.

Deputy McGuinness and I were in the Chamber earlier today talking about the lack of engagement at the very highest levels, including with senior civil servants. Mr. Cummins stated that he experienced pretty poor engagement at the very highest levels. Could he expand on that? Are there any plans as to how this might be redressed?

Mr. Adrian Cummins: To be very clear, our line Department, which is responsible for tourism, has been very supportive of our industry to date in getting things done with regard to guidelines and advocating on our behalf. When it comes to business supports, the Department of Enterprise, Trade and Employment is the Department whose role is to help all small businesses. It seems that hospitality and tourism have been excluded in respect of much of the grant aid and discussions on support services and getting things done. Therefore, we need a joined-up approach and to get things done faster to support struggling businesses. The July stimulus is the vehicle through which this needs to be fast-forwarded, with an aid package tailored specifically for our sector but also for others, and specifically for large-scale re-employment of the workforce right across the country.

On restaurants, the Deputy is quite right to identify the two individuals concerned in his constituency. It has been hard to make money in restaurants and now it is extremely hard. What we are trying to do is help those affected through this critical time. Many young people get their first job in hospitality and tourism. This job might allow them to earn some money to go to college and to have some spending money. We want to play our part in this recovery. We did so during the previous recession. We created 50,000 jobs in the space of three years. We went from 120,000 jobs to 170,000 very quickly. We can fast-track employment.

I will hand over to my colleague Mr. Power. I believe there is a question-----

Deputy Matt Shanahan: I want to ask Mr. Power specific questions but, before I do so, I must say to the Chairman that I believe this committee should be producing an interim report that should go to the Government because we may not have any report in advance of the July Estimates. Therefore, all the chitchat going on here today might count for very little.

I am aware Mr. Power has done some work on the SME sector but there were specific challenges identified, one being examinership lite and the other being the reform of the insurance sector. Could he provide any update in this regard? Has there been any improvement regarding examinership lite and insurance?

Mr. Jim Power: No. From what I have observed over the past couple of months, there has been no progress whatsoever. There are issues that are not being addressed. If they are not addressed, it is inevitable that many of the businesses that manage to reopen will not survive the next 18 months. The issues need to be addressed as quickly as possible.

I totally agree with the Deputy's assertion that the committee needs to have an input immediately because the stimulus package is intended for around the middle of July. Therefore, if all these issues are not recorded in the system immediately, we will be left with the sad legacy of the closure of hotels, pubs and restaurants that are an essential part of the tourism industry. It will not be possible to rebuild tourism at the end of all this without those businesses. Obviously, there would be a major loss of employment across the sector. With regard to the regional economic contribution, the effect would be pretty staggering and devastating. We are aware of the counties that would be most exposed. We could end up with vacant premises on the streets of our villages, towns and cities. It goes on. The social and economic damage of not addressing those matters and others will be devastating. I spoke to a person in one restaurant who made a decision last Saturday to shut and it will not open again. The issue was definitely that the landlord was insisting that full rent be paid for March, April and May. There was absolutely no flexibility whatever given to the likelihood that turnover for the foreseeable future would be down by at least 50%.

These matters need to be addressed immediately or the economic and social legacy will be devastating.

Deputy Matt Shanahan: I give notice that I would like to move a motion in this respect at the earliest opportunity.

Chairman: Sure. Is it something we could perhaps discuss on Friday morning?

Deputy Matt Shanahan: That is fine but we should give it the highest urgency.

Deputy Michael Collins: I thank the witnesses for their comments. I do need to say how businesses around the country in the pub, hotel and restaurant sectors are haemorrhaging money very badly. In my constituency of Cork South-West I have spoken to business owners from Kinsale to the peninsulas and there is serious concern out there. I will be putting a number of questions and I would appreciate it if the witnesses took note of them. Some of them may have similar answers from the witnesses and there is no point in taking each of them individually. I have so many questions I could be here for the day.

I start by acknowledging a conflict of interest, as two of my brothers own pubs in west Cork and my daughter works in a pub. Maybe this is not something bad as I hear of the daily

struggles of publicans. The previous Government spent its time trying its best to damage the industry, which employs more than 50,000, leading to many publicans closing their doors and in turn to massive job losses and a sense of rural isolation in communities. This new Government must step up to the mark now and put together a survival package for pubs and restaurants. From what I have heard, the most they can get so far is €2,000 from the back-to-work grant and they have not even got this yet. Do publicans qualify for any other aid, as if they do not, many publicans will not be able to open their doors again?

I know the fact that the insurance companies have acted shamefully with respect to the pub industry and others during the Covid-19 crisis has already been mentioned. All publicans have business interruption cover in their insurance, but when business was interrupted, many found they did not have cover. People were told that if they could prove a customer had Covid-19 on the premises, a claim could be made, although full proof had to be provided. I spoke to a publican today who told me he has paid €400 monthly as his premium while his doors are shut. This must be one of the biggest scandals of all time. The doors are shut but insurance companies are billing people daily for a working premises. Is the industry powerless when it comes to insurance companies?

Why did the Government allow pubs to open yesterday only if food was served? Why was every pub not allowed to open with proper guidelines being followed? The cost of Sky television packages has always baffled me. I know the charges have decreased when there has been no live sport but these astonishing charges go from between €700 per month to €2,000 per month. That is a massive mortgage in itself. Are vintners able to broker a long-term deal to tackle this massive charge? Publicans do not want to lose the Sky package as it attracts customers, but if some deal is not done, the publicans will not be able to purchase any package. I am specifically referring to this happening over the next year or two.

A hotel or restaurant will have to take on extra staff because of Covid-19. I met representatives of hotels and restaurants, and according to them, the wage subsidy scheme does not cover new staff. Is there any indication the wage subsidy scheme will cover staff taken on or could it be changed in some way?

I will give the witnesses a chance to answer. Prior to Covid-19 I pleaded for a lowering of the VAT rate on tourism but this has become a must since Covid-19 struck. I have called for a zero VAT rate on tourism for the past two months. I have since heard many Fianna Fáil Deputies call for the same, which is welcome. This is not a dig at the new Minister but I am extremely disappointed Fianna Fáil, in government, has not appointed a stand-alone Minister with responsibility for tourism. It is something the sector urgently needed. It would be very soon for a Minister to deliver but is there any indication that under this Fianna Fáil Government we will get what is needed, which is a zero VAT rate? I appreciate any answers, although I know the time is short. The witnesses might be able to touch on some of the matters.

Mr. Pdraig Cribben: I thank the Deputy and I will try to address those matters. I am delighted to say his brothers in west Cork are members of our organisation. The Deputy asked if pubs qualify for any other aid but the only other one we can see is the holidaying of VAT from January to April, along with PAYE. What actually happened in the early stages is that the Government did a very good job in looking after employees, and we commend that. What it did not do was to do anything for the employers who took the risk to create the jobs in the first place. That is why the July stimulus is very important. The only thing we can see is that they can apply for the restart grant, which is a minimum of €2,000 and a maximum of €10,000 based on last year's rates. That is really all that is available at the minute.

Whether we are powerless in terms of the insurers, I do not believe the issue of the full proof of a case happening on site. They resile from that on the basis of an intervention by the Department of Finance, but the insurers have very much said, “We are not covering, full stop. You can take us on. We’ll see you in court. We’ll see you in arbitration”. We know that in one particular case there are half a dozen cases in the High Court and possibly heading beyond that.

We are a little perplexed also as to the reason food-only pubs were allowed open yesterday. We have been very consistent in our view that there should have been equality of opportunity for all outlets. All of them should have been allowed open on the one day, with specific guidelines and safeguards for public health. It baffles us how having a meal makes something safer than not having a meal. We would be *ad idem* with the Deputy on that. We believe that would have been the right way to go.

In terms of Sky, the minimum the full Sky Sports package will cost, and if one is really into sport one has to put BT and racing on top of that, in the smallest band 1 pub is about €1,000 per month. Very simply, Sky do not negotiate. I had a meeting with its representatives once and their modus of negotiating was: “If your members do not think this is value for them, tell them to take it out. We have more subscribers in Birmingham than we have in Ireland”. It was as simple as that. The cost is crazy, and it is up to individual members as to what they do now that sport is coming back in some shape or form.

We have spoken about the temporary wage subsidy scheme, TWSS. There will be extra staff required. That is the issue both Mr. Tim Fenn and I spoke about earlier in that there need to be significant variations on that.

The final issue the Deputy mentioned was the VAT rate. One of the points I made in my opening remarks is that there is now an opportunity, under new interpretations of EU VAT laws that have been put in place in Spain, Italy, Cyprus and other countries, that one can have a different rate of VAT for alcohol sold in the on-trade and the off-trade. I should add, and I have said this in various fora around here in the past, that when supermarkets sell alcohol below cost the State actually subsidises that through the VAT system because they can recover a higher level of VAT that they paid on the purchase than they actually pay when they sell. We now have an opportunity to put that right by charging a different level of VAT for alcohol for consumption in the on-trade. We are proposing that that would be put in place for five months to the end of 2020 to allow pubs, particularly the smaller pubs, to get back on their feet. We believe that would be a very welcome innovation in the July stimulus to help the smaller pubs get back up and running again.

While we welcome the new Minister for tourism, and it is not a reflection on the new Minister, we believe that Department should have formed part of one of the major economic Departments. We would have much preferred to have seen it as a Ministry on its own. We must bear in mind that this is our biggest indigenous industry.

Chairman: I think he will agree. I am sorry but I have to bring in other speakers. I thank Mr. Cribben. His message around the VAT rate is well noted. The next speaker is Deputy Butler for Fianna Fáil who has five minutes.

Deputy Mary Butler: I will be sharing time with Deputy Ó Cuív. We will take five minutes each.

I thank the witnesses for attending. My first question is for the Restaurants Association of

Ireland. Mr. Cummins's submission lists some of the challenges the sector faces on the road to recovery. A number of them were discussed earlier. I would like to ask him about the third challenge, namely, landlords seeking full rent for the period of closure. We have seen many relief measures such as rate breaks offered by local authorities, or certain reliefs offered by the banking sector to SMEs that are under pressure. Are landlords living up to their collective responsibility to be more amenable to tenants in the context of the pandemic? Admittedly this may depend on an individual landlord's financial circumstances. Could Mr. Cummins comment on that?

Mr. Adrian Cummins: It is a very good question. No, they have not. They have done very little during this crisis. They have backed away from their responsibility. Every other part of this economy has done something to help our country get up off its knees. In our opinion, landlords have done nothing. Some have, but the vast majority - 75% or more - are now demanding full rent for a time when doors were closed while turnover is down to about 25% of what it should be. That is a big issue for us.

Deputy Mary Butler: Could Mr. Cummins clarify the figure of 75%?

Mr. Adrian Cummins: Some 75% of landlords are demanding full rent with no cuts or deferments. That is wrong. There must be some sort of State intervention or apparatus to bring all parties to the table and ensure burden-sharing. That means the banks need to give some sort of leniency to landlords who may have mortgages on properties. Landlords in turn must give tenants some sort of reduction in rent. This is not just an issue for those of us in hospitality. Retailers are in the same boat. This will have a domino effect.

Deputy Mary Butler: After this pandemic began and all non-essential businesses had to close, we noticed that 50% of those unemployed are aged between 18 and 25. I know that most of the groups appearing today appeared before the Joint Committee on Business, Enterprise and Innovation, of which I was a member in the previous Dáil. We spoke about the role of apprenticeships and their importance in kick-starting the economy. Last year, approximately 10,000 people took up apprenticeships. They earn as they learn. Do the witnesses see this as a means to help the industry to recover?

Mr. Adrian Cummins: I see apprenticeships as a way to get people into training and upskill our workforce. As it stands, the model for new apprenticeships like ours, which trains chefs, does not work for the employer. The employer is treated unequally to his or her counterparts in other traditional trades. If a business has to take on an apprentice while he or she is in college, for example, the business has to pay the apprentice while he or she is off site pursuing education. Other traditional trades are subsidised by the State. That is not right. We have raised it with SOLAS and the Department of Education and Skills, now superseded by a new Department. That needs to be fixed. Businesses will not take on apprentices in the middle of an economic crisis if they are penalised from day one.

Deputy Mary Butler: I thank Mr. Cummins. My final question is for Mr. Power. I will be a little bit parochial here. Mr. Power will be very familiar with Waterford. Across Waterford, we anticipate a potential loss of 4,600 tourism jobs and a hit to the local tourism economy worth €100 million this year. Many industry organisations have called for the 13.5% VAT rate to be reduced because it is unviable. Will Mr. Power outline his thoughts on that? How important will that be to kick-starting the economy? As a country, how low can we go financially? What effects would it have on us?

Mr. Jim Power: I thank Deputy Butler, who comes from the neighbouring parish to mine. When the decision was taken in budget 2019 to increase the VAT rate from 9% to 13.5%, I went on the record as saying that it was a mistake. The timing was awful, particularly as the impact of Brexit on tourism and the hospitality sector was starting to make itself felt in a significant way. It was a mistake, the timing was wrong and the whole situation has obviously been exacerbated by Covid-19. It is essential that a 0% VAT rate is one of the measures put in place, probably until the end of 2021. A 9% VAT rate should then become a permanent feature for businesses in the industry. Those businesses should get certainty and not be wondering if the rate will change from budget to budget. It is a major burden on businesses.

Can we do that? Of course we can. There are many examples over the years where tax rates have been cut and tax revenue buoyancy generated. I am unambiguous in stating that the reduction of the VAT rate from 13.5% to 9% in July 2011 made a positive contribution to the contribution the hospitality sector in turn made to the subsequent recovery in the economy. It makes absolute sense to introduce lower VAT rates for the sector. Tourism is one of the most competitive service businesses in the global economy. We are competing with many other countries. Anything that can be done to improve the competitiveness of the product will be important.

Thoughts about our competitiveness on an international scale, unfortunately, are for a time a little bit down the road. International tourists will not be a significant feature of the Irish market for the foreseeable future. It is about helping those businesses to survive and stimulating some demand at the moment. It is, ultimately, a matter of international competitiveness.

Deputy David Cullinane: I welcome all of our guests. Many of the points that have been made in the submissions are similar to those we heard this morning from Mr. John Moran and his colleagues from SME Recovery Ireland. Businesses need liquidity, urgent grants and supports. More loans are not the solution and cash to support fixed costs is required.

Mr. Cribben made the obvious point that Covid-19 has had a catastrophic impact on the industry with job losses, revenue losses and a reduction in financial resources for businesses. Some of this may have been asked already but I would like to hear Mr. Cribben's views on the matter. When does he think we will have a full recovery in the tourism sector? During the last session, Mr. Cummins said that a five-year strategy is required. When does Mr. Cribben envisage a situation where the industry returns to pre-Covid levels?

Mr. Padraig Cribben: That is a good question and there is a bit of considering how long is a piece of string in trying to reply. It depends, to a certain extent, on the development of a vaccine, safe travel and things like that. I can say with a high level of certainty that while 2020 is absolutely written off, 2021 is close enough to also being written off because much of the inward-bound tourism for 2021 would have been planned in 2020. On getting back to 2019 levels, that was a record year by any measure and I suspect that getting back to such levels will take at least until 2023, possibly 2024. It will be a gradual development to that point. Before March, we had thousands of viable businesses in this country and, with the flick of a switch, they became unviable.

Deputy David Cullinane: That is what I am trying to get at. I think we can agree that things will not return to normal this year or next year. It will take a number of years, perhaps three or four, to get back to 2019 levels for all sorts of reasons. It may happen more quickly but some of that will depend on the external issues that Mr. Cribben mentioned about a vaccine and so on. It is going to take some time so we need a bespoke plan for the tourism sector. In

that bespoke plan, from Mr. Cribben's perspective, will he give me some of the key ingredients that need to be included?

Mr. Padraig Cribben: The key thing at the end of the day is to get people back to work and give them the opportunity to earn money. When there is money going around in the economy-----

Deputy David Cullinane: If Mr. Cribben could be specific, he is coming with an ask. Specifically, if he was going to the Minister and Government, what are the practical solutions for his industry?

Mr. Padraig Cribben: There would be four specific asks. The first would be the reduction in the VAT rate on alcohol sold in the on-trade for a period to allow businesses to get back on track. The second would be an extension of the temporary wage subsidy scheme for people when they are back at work. That should stay in place until social distancing is gone. One the third issue, one of the biggest costs for business is commercial rates. The pub sector has been revalued over the past ten years. It is one of the few sectors that has been revalued based on turnover. That turnover is going to be significantly diminished so commercial rates should also be substantially diminished and parked for a period while social distancing lasts. There also needs to be a 15% reduction in alcohol excise. We have the second highest level of excise in the EU. It is not just that we are second in the league. In some instances we are six, seven or eight times higher than others. We have had two excise increases, one in 2012 and one in 2013. One of them needs to be turned back, as it were. It is a 15% reduction, the equivalent of about 10 cent a pint or 10 cent on what would be referred to as a small one. They are the four key asks.

Deputy David Cullinane: Just to add to that, Deputy Butler spoke about tourism in Waterford. After the last economic crash, some regions in the south east had to look at rebuilding, specifically Waterford but also working with Wexford and Kilkenny. It was done on the back of tourism as one of the key economic drivers. Unfortunately, the south east had a very difficult time following the last recession. We are now faced with a tsunami as revenues collapsed across the board. In the tourism sector, unfortunately, the south east is disproportionately hit. We need a sectoral response and strategy and a bespoke solution for tourism.

I thank Mr. Cribben for stating what he sees as the key ingredients in the plan. I will move to Mr. Cummins, if I can. He made an interesting point in his opening statement, which he might like to expand on. He stated:

Some say the market will take care of itself and that unviable businesses will fail. How does one tell a third-generation family business in the hospitality sector in Waterford, Kilkenny, Monaghan, Dublin, Cork or any other part of Ireland that, through no fault of its own, it must fail[?]

I agree with that and I have said for a long time that if we just take a simple market approach, it is not going to work. Mr. Cummins outlined the challenges in his opening statement. The second was insurance companies not paying out on business interruption claims. What interaction has Mr. Cummins had with the Department on that issue and what does he see as the solution to the problem?

Mr. Cummins spoke about landlords seeking full rent for the period of closure and said 75% of landlords were looking for full payment. That is the anecdotal evidence I am getting back as well. It seems the Department and Government are saying we have to depend on the good will

of landlords. Depending on the good will of landlords does not seem to be working. We are appealing to landlords to do the right thing but it is quite obvious from the figures Mr. Cummins has given that they have not done the right thing. What recommendation has the Restaurants Association of Ireland made to Government to deal with this in a more proactive and practical way?

Mr. Adrian Cummins: I will deal with the question on landlords first. Obviously there has to be a State forum involving the State, the landlords, banks and commercial tenants, to hammer out some sort of a process to deal with the economic crisis and how it affects commercial rents. At the moment, we do not have a structure in place. That needs to be done and we have recommended that it should be done as quickly as possible or else we will have a tsunami of closures. Everybody loses - the banks, landlords, tenants and the State. It is not just the hospitality sector but retail as well.

On insurance, the Restaurants Association of Ireland is part of the Alliance for Insurance Reform, as are the other organisations represented today. We have put forward a suite of recommendations to the Department of Finance and the Central Bank. The big insurance companies will grind down any small business and make it fearful of taking them on, either through arbitration or the courts. They will make it tough to do so and ensure it is a lost cause for every small business. They will make sure that any company that goes through the process of trying to get business disruption relief at the moment suffers. That is wrong. The Minister for Finance needs to bring insurance companies back in again and tell them they need to do what they-----

Deputy David Cullinane: If I may interrupt for a moment, we can bring all the stakeholder groups we want back in again. Mr. Cummins may have seen during the previous Dáil term that the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach brought in representatives of all the insurance companies, one after the other, and chastised and tried to get information from them. The committee got very interesting information from them in some respects but nothing changed. Change will only come if there is political will to make change.

As my time is almost up, I will return to the point about not depending on the market to ensure the viability of businesses. The same argument has been made about wages. Given that business organisations have asked that the Covid payment should remain, has the Restaurants Association of Ireland taken a different approach to the living wage? If a living wage was proposed, would the association support it in the medium to long term?

Mr. Adrian Cummins: We put forward our recommendations to the Low Pay Commission, which is independent. With regard to movement on the minimum wage or a living wage, we have not been asked to put forward any recommendations. Let us see the Low Pay Commission's recommendations. I believe all sectors will do exactly the same thing. We are in uncharted waters economically. If the Deputy is asking us to support an increase in pay to a living wage that is unsustainable for small businesses, we cannot sign up to that.

Deputy David Cullinane: The point is that there would have to be a *quid pro quo*. I want to see massive supports coming into the tourism sector.

Chairman: The Deputy has made the point that he wants a living wage and there must be a *quid pro quo*. We are over time and other speakers deserve a chance to make their points. I call Deputy Carroll MacNeill.

Deputy Jennifer Carroll MacNeill: I want to ensure there is enough time for Deputy Ó

Cuív so I may not take all of my time.

Chairman: There will be enough time.

Deputy Jennifer Carroll MacNeill: We have spoken about business interruption insurance and reform in general. The Restaurants Association of Ireland is part of the Alliance for Insurance Reform. I do not think Mr. Cummins had an opportunity to answer Deputy Cullinane's question on whether he met the Minister for Finance.

Mr. Adrian Cummins: No, and we would recommend-----

Deputy Jennifer Carroll MacNeill: I do not mean the Restaurants Association of Ireland. I have heard the Alliance for Insurance Reform met the Minister twice.

Mr. Adrian Cummins: Yes, the Alliance for Insurance Reform has met the Minister a number of times.

Deputy Jennifer Carroll MacNeill: The Restaurants Association of Ireland is a member of the alliance.

Mr. Adrian Cummins: That is correct.

Deputy Jennifer Carroll MacNeill: I have spoken to a number of people in business in my area about insurance. Do the witnesses have anecdotal evidence, or have they seen data to show, that insurers are increasing annual premiums? If so, by how much are premiums increasing?

Mr. Adrian Cummins: In the restaurants sector, insurance companies are looking for increases in premiums, but for what we do not know.

Deputy Jennifer Carroll MacNeill: By how much are they increasing premiums?

Mr. Adrian Cummins: It is between 15% and 20%, on average. Obviously, Covid has been in the country since February. Premiums are being renegotiated at the moment and I can safely say that the insurance companies are using the situation, possibly for their own benefit. We can see that, on average, premiums have increased by between 15% and 20%.

Deputy Jennifer Carroll MacNeill: This is an issue of concern to me. I wrote to the Central Bank on it last week. I will send a copy of the letter to Mr. Cummins for his records. I ask him to stay in touch with me regarding any data he gets on it. I have asked the consumer protectorate division of the Central Bank to keep an eye on this issue because it would be inherently anti-competitive for business. As I think Mr. Cummins will acknowledge, the Government is providing a range of restart and liquidity grants, albeit not all of them have been released and there are more to come under the July stimulus. However, they are not intended to support the insurance industry. Rather, they are intended to support businesses such as the members of the RAI. I ask Mr. Cummins to stay in touch with me on that matter.

On the reduction in VAT, many businesses were able to use the previous reduction in VAT to invest in their businesses. That involved, for example, supporting other industries such as the construction industry. Those businesses now have commercial loans that will come due in September. It is clear that they will be able to access the refinancing that will be available under the new Department of Enterprise, Trade and Employment legislation, which will not undergo pre-legislative scrutiny and, as such, will happen faster. Would the industry be interested in a

conditional VAT reduction, where the difference is used to support other industries such as construction, or was Mr. Cummins referring solely to an absolute reduction in VAT?

Mr. Adrian Cummins: My organisation is seeking a VAT reduction for the hospitality sector. I will allow other sectors speak for themselves in that regard. We are putting forward a case for incentivising and helping a labour-intensive industry to get 175,000 people back to work in an-----

Deputy Jennifer Carroll MacNeill: I am aware it is a labour-intensive industry, but it has already received significant labour-related financial supports. Is Mr. Cummins willing to engage on a VAT reduction that is linked to support for another industry, through refurbishment or other matters, for example, or is he simply seeking an absolute reduction in VAT?

Mr. Adrian Cummins: We will speak to any Department regarding any type of structure around the VAT rate, but we need to talk to the Department and it needs to talk to us.

Deputy Jennifer Carroll MacNeill: I accept that and I am sure that will happen. On the range of supports under the July stimulus and others, questions have been asked regarding the nature of supports provided to businesses. The Government has taken a nuanced approach of trying to provide targeted supports for different-sized businesses and employers first, rather than allocating a blanket cash amount for every business. It has done so because it recognises that different businesses have different needs. Before Covid, some businesses were approaching a point of non-viability, whereas other businesses were viable and doing very well. Does Mr. Cummins accept that the businesses that were clearly viable before Covid should take precedence over those which had a question mark over their viability?

Mr. Adrian Cummins: That is a very good question. The SME Recovery Plan authored by Mr. John A. Moran and to which my organisation and many of the other organisations represented here today contributed identifies the credit review office as the appropriate agency to examine viability. Businesses that were viable prior to Covid should be looked after. Any question marks over a business's viability prior to Covid can be very quickly cleared up through an independent review. We believe the Credit Review Office should be responsible for that task. During the previous crisis, it worked with the banks and I think it can do its work again. However, we need to get cash and grants moving to inject liquidity into businesses. There are many suppliers in our sector that need to be paid and there is a significant amount of outstanding legacy debt. If we do not address that, the domino effect will lead to redundancies and the collapse of businesses throughout the country.

Deputy Jennifer Carroll MacNeill: I wish Mr. Cummins and his members well in reopening this week.

Deputy Éamon Ó Cuív: There are three themes on which I wish to ask questions. I will be pleased if I manage to deal with them all. The first is seasonal employment and hotels, guest houses, etc., that only open for part of the season. What percentage or number of hotels open seasonally, that is, are closed in January and February? How many hotels operate on a skeleton basis in those months? Has the Irish Hotels Federation discussed with the Department the possibility of allowing employers to avail of the temporary wage subsidy scheme, TWSS, based on employment patterns in the previous year? If that is not done, seasonally based operations will not be able to avail of the TWSS. If that issue was raised with the Department, what was its response? There is a second part to that question. Do the hospitality sector representatives believe the TWSS should be extended for a year to bring certainty to the hospitality and hotel

industries?

Mr. Tim Fenn: First, there are approximately 48,000 people in our industry who are seasonal employees. They are the people who are being left behind on this. As mentioned earlier, we have hotels that are next door to other hotels that have access to the TWSS. They are competing with hotels that do not have access to the TWSS for seasonal employees. We are saying it would be quite easy to use historical Revenue records to identify those who should be included on the TWSS.

We do not have a figure that identifies exactly how many seasonal properties are affected by that. The level of employment is the key figure for us. While some businesses are open, they are still seasonal properties and they may simply be ticking over for a period of months. Some are open only for July, August and September.

Deputy Éamon Ó Cuív: What response did the sector representatives get from the Department on using historical data from previous years?

Mr. Tim Fenn: As of yet, we have been informed that there are no plans to extend the TWSS to seasonal employees.

Deputy Éamon Ó Cuív: Would that be devastating for the sections of the hotel industry that are affected?

Mr. Tim Fenn: Absolutely, especially for those along the western seaboard. A key point is that it is manifestly unfair, it is anticompetitive and it should be changed.

Deputy Éamon Ó Cuív: I wish to move on to my second issue. Do the hospitality sector representatives have any idea, between the three of them, as to the respective percentages of hotels, restaurants and pubs that will be paying rates in excess of €10,000 per annum? Has any request been made to lift the cap in this regard for the hospitality industry in the context of the restart grant? If the sector representatives have made that request, what response has been received?

Mr. Tim Fenn: This is significant. The average size of a hotel in Ireland is approximately 70 bedrooms. As mentioned, the €10,000 limit equates to a hotel or guesthouse with 7.5 bedrooms. It is completely irrelevant to most of our industry. We have asked for that to be lifted. It does not look after the small and medium-sized business sector. It has a limit of 50 employees. It is counterproductive as well because at the end of the day, we are trying to help businesses that have employment or that are labour intensive. We have asked and there has been no response to that either yet.

Deputy Éamon Ó Cuív: My final question relates to banks, landlords and insurance companies. Do the hospitality sector representatives believe it is foolish for us to rely on these institutions to act in a benign way of their own volition? Would the sector representatives agree with me that these institutions do not part with their money easily? Do we need the Government to step in either to force action or to come up with alternative support, rather than depend on voluntary action or forcing businesses to try to take expensive legal actions?

Am I right in thinking that loans, especially those at rates of 4% or more, are no substitute for straight support, as they are only deferring the problem not solving the problem?

Mr. Tim Fenn: The first question relates to Strategic Banking Corporation of Ireland sup-

ports, as well as grant aid and the loan guarantee schemes. There is also an Ireland Strategic Investment Fund, ISIF, initiative. None of these are working, especially for our industry. The banks have their own issues about how to protect their own balance sheets and maybe how they price their products etc. We are asking that any Government initiative should look at a different structure to release money to the businesses that need it most. There should be an investment bank or agency to give the Government the channels to release that money without getting caught in the trap of the banks trying to protect themselves. The banks have a job of work to do but at the end of the day what we have is a crisis. The Government should be prepared to help small and medium-sized enterprises to recapitalise in a manner that is more than just asking them to go to the banks and look for borrowings at 4% or whatever - the percentage does not matter. At the end of the day these businesses need liquidity. These are businesses whose balance sheets have been damaged by Covid-19 because were asked to close in the interests of public health. What we and they are asking for now is for the Government to figure a way of recapitalising those businesses so that they have the resources to have a fair chance of survival going forward. If this does not happen there will not be the same recovery that we should have and there will be a situation where the 270,000 livelihoods that exist right across the island of Ireland, particularly on the western seaboard, and 70% of these livelihoods are outside of Dublin, will not be able to be secured.

Chairman: I ask Mr. Fenn to conclude now, please.

Mr. Tim Fenn: We are asking the Government to ensure that the grants and the liquidity measures are fit for purpose for those businesses.

Chairman: I have one remaining question as we must conclude.

I saw various letters by insurance companies refusing to honour claims, claims that were based on the outbreak of infectious disease, where the insurance companies were saying that one needs to prove that there was an outbreak within 25 miles of one's premises. I have two "yes" or "no" questions on that. Has Mr. Cribben seen any such letters and have such letters been sent since the CSO published information on the district electoral divisions, DEDs, in which outbreaks were identified? In other words, did the companies stop using that reason as an excuse when that information suddenly became available to the insured person?

Mr. Pdraig Cribben: Those letters were certainly issued in the early days. To the best of my knowledge the companies ceased to issue those after the intervention of the Minister and the Central Bank, which was some six to eight weeks ago. I have not seen that defence being used since then.

Chairman: I have other questions that I would like to ask but we are out of time. I thank all of our witnesses.

The committee will now suspend until 4.30 p.m.

Sitting suspended at 4.05 p.m and resumed at 4.30 p.m.

Impact of Covid-19: Arts and Entertainment Sector

Chairman: We are joined by representatives from the National Campaign for the Arts, NCFA, the Event Production Industry Covid-19 Working Group, EPIC, and the Event Indus-

try Association of Ireland. From committee room 1, I welcome Ms Angela Dorgan, chair of the steering committee, and Ms Aideen Howard, member of the steering committee, from the NCFA; Ms Sophie Ridley, chairperson, and Mr. Shane Dunne, deputy chairman, from the Event Production Industry Covid-19 Working Group; and Ms Elaine O'Connor, joint co-founder, and Mr. David Mongey, industry representative group member from the Event Industry Association of Ireland.

I wish to advise our guests that, by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. If, however, they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. We expect witnesses to answer questions asked by the committee clearly and with candour, but witnesses can and should expect to be treated fairly and with respect and consideration at all times. If witnesses have any concern in that regard, I ask that they raise it with me.

I invite Ms Dorgan to make his opening statement and ask that he limit it to five minutes as a copies of it were circulated to members in advance.

Ms Angela Dorgan: The NCFA represents the more than 54,000 artists, arts workers and arts organisations that make up Ireland's internationally acclaimed, innovative and intelligent arts ecosystem. We represent the makers, organisations, theatre companies, producers, colleges, venues, arts centres, galleries and publishers. For a series such as "Courage", for example, there are festivals, showcases and organisations that support the musicians to that level, while for a show such as "Normal People", there are theatre groups and venues where those actors and directors cut their teeth and hone their skills. A young, unknown like Sally Rooney can access a grant to write a great work. The NCFA speaks and plans for both the tip of the iceberg and the many crucial layers of ice that lift that tip out of the water.

The Covid-19 crisis has created profound challenges for the arts and culture sector that have compounded years of under-investment. Throughout April and May, the NCFA engaged in cross-sectoral consultation with artists, arts workers and the resource organisations that work with them. On 27 May, the NCFA published a national recovery plan for the arts containing 13 actions essential for the survival and recovery of the sector. The first and most urgent of these goals was achieved on Bloomsday, when the Government announced emergency funding of €20 million for the Arts Council to enable artists, arts workers and arts organisations to survive the Covid-19 crisis. This commitment is a positive first step in recognising the value of our arts community. Coupled with the acceleration of the reopening of theatres, galleries and venues, this investment represents new hope for arts workers in Ireland. However, social distancing measures will continue to mean that events and gatherings are simply not viable. Organisations are losing €2.9 million in revenue per month of shutdown. To address this, the NCFA asks that the pandemic unemployment payment for freelance artists and arts workers be extended until arts and cultural events resume.

The publication of the report by the Arts Council Covid-19 expert advisory group, of which the NCFA was a member, is very welcome but we now need a commitment from the Government to allocate the €30 million necessary to the Arts Council in 2021 to allow this plan to be delivered. Many arts organisations are also charities that have active fundraising programmes

to supplement their activities annually. The recent Benefacts study shows that charitable fund-raising has been decimated to the tune of €500 million. We call on the Government to reform our tax regime to incentivise and encourage charitable giving and to keep arts organisations in business and to keep Ireland competitive in this area.

Local authorities play a vital role in the cultural infrastructure. Local festivals and arts centres are sustained through partnership and with local authority investment. We are calling on local government to protect these arts budgets in order to ensure that local activity can resume and begin to be rebuilt.

Even prior to the Covid-19 crisis, 72% of artists earned less than the national minimum wage. The new Government has a unique opportunity to introduce a model of universal basic income for all citizens beyond the scope of the pilot scheme set out in the draft programme for Government. We need urgent, positive action to invest in artists, arts workers and arts organisations as equal members of society who can rebuild a healthy sustainable arts sector for the benefit of all of Ireland.

Chairman: I thank Ms Dorgan for her contribution and for keeping within the five minutes. I invite Mr. Dunne to make a five-minute introductory statement on behalf of EPIC.

Mr. Shane Dunne: I thank the committee for the opportunity to speak to it today on behalf of EPIC. Members may not know who we are. That is not surprising; the live event industry has prospered for decades with little State intervention and no State aid. We have never needed the State's help before. We have never received funding from the Arts Council or any Department with responsibility for arts or culture. Live events continue through wars, they raise money to help in times of famine, they raise the spirits of a nation in times of need, and they provide a focus in times of celebration. We are, and should be, invisible. If we have done our job well, performers will never know we were there. They just walk on stage and speak into a microphone, with the lights shining on them, the autocue lined up, and the cameras rolling, at an Ard-Fheis or other event, and their words appear on the RTÉ news that night. We must retain the skills built up in our sector in order to maintain that standard of service to Ireland. Now, however, we are in a crisis created by the restrictions required to fight the Covid-19 pandemic. The industry we love so much is on its knees. Never in the history of staging live performance and events has there been such a sudden and total stop to work in Ireland as happened on 12 March 2020. Now we need to step out of the shadows backstage and shine a light on our needs; no longer can we afford to be invisible.

Please do not confuse us with the funded arts. We greatly welcome the funding recently administered through the Arts Council but that funding will not make its way to the businesses and staff supported by this working group. The non-funded live entertainment and arts sector accounts for a vast multiple of both ticket sales and turnover by comparison with the funded sector. This is a much bigger business.

This past weekend should have been one of the busiest our industry has seen. In excess of 500,000 people would have been attending events from those at Marlay Park and Live at the Marquee to those at Malahide Castle and Irish Independent Park, to name but a few. The vast majority in the events industry work in annual cycles. The sector has lost an entire year's turnover, not just that of a few months. This was lost when most financial reserves were at their low point leading up to St. Patrick's Day, the start of the usually busy summer season.

The live entertainment industry is a business of innovators, entrepreneurs and creators. We

are commercial, profit-making entities, and we are happy with that. We risk our own money to build businesses. These businesses span the length and breadth of the country. Some 65% of them are based outside the greater Dublin area. Among them are businesses such as: Made for Stage in Limerick, Event Power in Thurles and Donohue Marquees in Carlow; venues such as Róisín Dubh, the Spirit Store, Cyprus Avenue and the Gleneagle INEC Arena; and festivals such as Sea Sessions in Bundoran and the Vodafone Comedy Carnival in Galway. This industry touches every part of the island. Our reach is far and our actions are seen worldwide; the process leading to Ireland's seat on the UN Security Council started as a comment during a U2 show and visits of United States President Barack Obama, the Pope, and, historically, the Queen of the United Kingdom were all facilitated by our industry. All over the world, the Ireland brand is sold using the festivals, events and entertainment provided by our industry and the funded arts community.

The funded sector is starting to see supports provided and now the non-funded sector must be addressed too. Events keep both local and national community spirit alive, from vintage steam rallies to the St. Patrick's Day festival, and from the National Ploughing Championships to the Electric Picnic festival. Unless workers are protected and skills retained, the sector will not be able to play its valuable and considerable part in rebuilding Ireland's spirit and economy.

We are an integral part of the cultural fabric of society. The live entertainment industry is an ecosystem and all aspects are needed for it to survive. We should consider the talent of the artist, the venue or the promoter and the contractors and crew to pull it all together. For every €1 spent on a ticket in Ireland, there is €6 spent as a result in the wider hospitality and tourism sectors. Live events were directly responsible for over 3 million bed nights per year, according to the latest pre-Covid figures.

In the past, in running a large scale event in Ireland, we had to look abroad but we do not do that any more as we have an indigenous workforce here that is the best in the world. World tours start here because the artists know that the people they will work with are highly skilled. Just last Friday, as part of Comic Relief, Hozier, a brilliantly talented Irish artist, stood on the pitch in Croke Park to give a performance that is now being lauded worldwide. It had an Irish lighting company, an Irish lighting designer and an Irish director.

For decades, when money was needed to be raised for a charity, we were asked to help. Now, for the first time, we must ask for help and support. We were one of the first industries to shut and we will be the last to return to full capacity. This is why we are asking for the supports in our submission.

This is an industry filled with people who have forged their own path, highly skilled and dedicated people who invest their own time and their own money to create events and experiences to allow others to make memories that will last a lifetime. The people who work on live events understand, probably more than most, the requirement to keep the public safe. It is what we do on a daily basis through every action and decision we take. We depend on the well-being and happiness of our audiences to pay our wages. We are not asking for a hand-out but we do need some help now so that in turn, we can drive the rebirth of our economy by recovering the spirit and optimism of the nation. I thank the committee.

Ms Elaine O'Connor: I thank the committee for the invitation to attend today to engage with it on reopening the economy with regard to the arts and entertainment sector. I am a co-founder of the Event Industry Association of Ireland, EIAI. Established in 2013, the EIAI was founded by a group of event practitioners and industry experts with the aim of improving the

overall event industry in Ireland. Attending with me is Mr. David Mongey, managing director of Mongey Communications, a core service provider to the industry for over 40 years.

We are here today representing an estimated 45,000 workers and an industry that annually generates in excess of €3.5 billion for the Irish economy and €850 million for the Irish export market. At the immediate onset of Covid-19, the event industry suffered disproportionately to all other sectors and we now need to prepare for the long-term implications of dealing with Covid-19 into 2021 and potentially beyond.

The Arts Council of Ireland, Fáilte Ireland and Tourism Ireland, as well as local authorities and development agencies all over Ireland, have identified the strategic importance of festivals and event in their strategies for at least the past 20 years. The event industry underpinning these events of strategic national importance is unique, intricate and often misunderstood. Our “front of house” comprises a bustling calendar of events, world-class entertainment and a kaleidoscope of sporting, business, corporate, leisure, cultural and social experiences. This often distracts from the ecosystem behind the scenes. Here one will find an industry powered by resilience, determination and devotion to the promotion of our arts, business, culture, heritage, innovation and tourism sectors, while supporting the national economy and, most crucially, delivering experiences that exceed expectations, entertain, connect communities and enhance our attendees’ quality of life.

We are grateful to the Government and commend it on its prompt and effective application of valuable supports that immediately provided a degree of comfort across our industry. We are, however, filled with apprehension when considering our industry’s ability to generate income while we await the lifting of restrictions. With no definitive start date and the knowledge that even when the date arrives, our industry will not be able to resume business as usual, we understand there will be slow but steady progress.

The public health safeguarding measures implemented by the Government to date and the anticipated duration of these measures, while absolutely necessarily, essentially mean the majority of our businesses, organisers and workers are simply unable to generate revenue now and for the foreseeable future. The situation is unprecedented and absolutely devastating. The Irish event industry, usually an extremely ambitious, active and competitive industry, is facing a prolonged hibernation period which has already affected our entire ecosystem on a short, medium and long-term basis.

In addition to the impact on businesses, Covid-19 has resulted in the loss of livelihood and potential loss of industry-specific skilled workers who may abandon employment in the industry in the future. It is important to note that many of the specialist roles required in the event industry are highly skilled and industry-specific and were in high demand and short supply coming into this crisis. Due to the seasonal nature of the industry, with January and February being notoriously quiet and inactive, a large portion of our workforce had not yet been employed and, as such, did not qualify under the temporary wage subsidy scheme.

As with a large segment of workers, artists, performers and entertainers excluded, many festival events and cultural activities also sit outside the remit of Arts Council and Fáilte Ireland funding criteria, therefore, the support package allocated to the Arts Council and Fáilte Ireland will not and could not adequately filter down through the industry ecosystem. We are calling on our Government to: recognise that this sector is one of the last remaining sectors that has not been provided with a pathway to or a date for reopening and, as such, requires a unique suite of supports, and that, as part of this process, the additional funding provided to the Arts Council

will at best reach only a portion of our sector; recognise the event industry in its own right to acknowledge it for the valuable economic sector it is, assign direct responsibility for it to the Department of Jobs, Enterprise and Innovation and immediately establish an event industry task force to engage with and support the industry to deliver a roadmap on future sustainability; continue the temporary wage subsidy scheme for our sector until such time as restrictions with regard to mass gatherings are removed; protect and support each part of our sector - our workers, volunteers, performers, venues, SMEs, promoters, our smorgasbord of community events right up to our national hallmark events and our stakeholders - to ensure that our ecosystem endures and that our professionalism, expertise and vital skill sets are retained; enable and resource the event industry to utilise this recovery period to address the new challenges presented by Covid-19; and improve industry best practice, standards and professional competency, safeguarding our ability to deliver a safe and successful future.

I thank the committee for the opportunity to discuss these issues. My colleague and I are happy to take questions from the members on this matter. I request that they turn to page 2 of our submission as we will be referring to it in the question-and-answer session.

Chairman: I thank Ms O'Connor. The first member to speak will be Deputy Ó Snodaigh.

Deputy Aengus Ó Snodaigh: Go raibh maith agat agus go raibh maigh agaibhse ar fad sa seomra eile. We have had three very different presentations but they are linked together in the commonality of the arts sector in Irish society and the industry that supports it, which is State-funded to some degree, and those who have been totally reliant on their own funding. I want to thank the witnesses for attending and for alluding to some of the problems that exist. That is all they could do in their short presentations but there is a much bigger submission from each of them, which highlight some of the issues. I am aware of some of those issues because I come from a family of artists and musicians. My mother is a sculptor so I have some idea of what goes on in the art world but, in particular, with the brothers who are musicians, what goes on behind the scenes when organising events.

All of us have seen the cancelled concerts and events over the years, especially in the past six months because of Covid-19. We might have bought a ticket for an event and feel downhearted that it is not going ahead but behind every one of those events is a huge array of people - stagehands and other production crew - and sometimes we forget about them. All of those individuals are very skilled but they are also in a precarious position because if events do not happen, they often do not get paid. We tend to forget that so. It is timely, therefore, that the witnesses have come before us, especially in view of the fact that the arts sector - and that encompassing event management and production - will be one of the last to recover. "Recovery" only means coming back to the level the sector was at beforehand. Ms Dorgan said 72% of artists survive on less than the minimum wage. Hopefully the sector will recover to a condition much better than what existed before, with better appreciation than before.

I would like to ask a few questions. I hope the three witnesses can cover these queries in their replies to me or to others. Since the live events and arts sectors will be the last to recover, is now the time to set up an industry task force to look at the best ways to develop supports and encourage the decision to provide for the industry? This would apply not only for the next few months but for the next year, in the hope that by this time next year the industry will have fully recovered.

The Event Production Industry Covid-19 Working Group, EPIC, mentioned the question of VAT in its submission. The VAT rate on labour in this industry is 23%, while in other sec-

tors it is 13.5%. Has there been any support for a reduction from the Department of Finance? How much would the industry save if VAT was reduced? Do the witnesses have a figure for the amount of VAT paid by this sector annually?

The events and arts industry is worth €1.3 billion. That was mentioned in several submissions. That shows it is a thriving and viable industry. Can the witnesses see it recovering to that level within a year, or will it take several years? How has the Department responded to the need to work towards that and retain the requisite skills?

Ms Angela Dorgan: I would be happy to take one of those questions. There has been a very open and positive conversation with the Department. I will let my colleagues talk about VAT because they have been briefed on it much better. It would be really useful to immediately set up a cross-departmental task force like the one called for in the report of the Arts Council of Ireland. It would allow this sector to contribute to the July stimulus package. We all want to see the Covid-19 pandemic unemployment payment extended. A conversation about VAT as part of that stimulus package will be essential for both our sector and the wider tourism and hospitality sectors.

Mr. Shane Dunne: The Deputy asked two questions that were probably directed to the Event Industry Association of Ireland, EIAI, and us. We do not have a figure for the total VAT paid. EPIC represents about 2,000 SMEs and sole traders within the industry. A lot of the work they do is for smaller community events. They do a lot of work for Government agencies like Fáilte Ireland and businesses that are not VAT-registered. Having to charge 23% on top of their own fees makes them more expensive and they generate less work as a result.

Regarding the Department's response, I note that EPIC is a reasonably new group. It is six or seven weeks old. We have had initial discussions with the Department and we expect to sit down with Fáilte Ireland in the coming weeks. We do not have what the hoteliers, the vintners and everyone else have, namely, a roadmap. We do not yet have an outline from the Government. We are available, as I am sure Ms Dorgan and Ms O'Connor are, to sit down with anybody and put that roadmap together, but we do not have one right now. Things will be difficult until we get one.

The Deputy asked if the industry will recover. There is a 100% chance it will. Every submission made today includes the word "innovation". The reason for that is that this is a business of innovators. That is what we do. We adapt on site on a daily basis, be it in a theatre or a green field. The industry will recover but we need to sustain it so that we can retain staff with the necessary skill sets until the recovery happens.

Mr. David Mongey: The weekend that has just past would have been hectic in the event scene in non-Covid-19 times. I would have had a team of approximately 60 highly skilled people working. I congratulate the Government on the payment scheme that has kept my staff together even though they are not working. Our business will survive but we do not want to lose any of the people with the necessary skill sets and that is a possibility if the scheme runs out. People in this industry have an enormous skill set, and the passion, knowledge and enthusiasm to do a successful job. As I have already mentioned, these people are never before the stage, they are always behind the scenes. I congratulate that team of people. This country does not want to lose those highly skilled people because they are vital to the industry.

Chairman: Is Deputy Brophy taking five or ten minutes?

Deputy Colm Brophy: I am taking five minutes. I will follow up on the last question that was asked. It is an awful thing to be saying to people but, unfortunately, this industry group and its representatives face a big problem because of the health regulations and attitudes of the public to the types of events with which our guests are involved. It is optimistic to believe that there will be any substantial change between now and this time next year. It is going to be a longer process of recovery.

Before the start of this session, I noticed an announcement from New York that there might be no theatres reopening this year. That is a stark decision.

Allowing for the fact that it is going to be a longer process of recovery, what are the key things that our guests want to see the Government to do from July onwards? While a reduction in VAT would help in a trading situation, it is not as important when no business is being done. What are the key things that will enable our guests to deal with a situation where it could be at least another 12 months before there is a meaningful return to large-scale public events? The health guidelines might not change until we have a vaccine of some sort or appropriate medicine. What do our guests need from the Government to keep this brilliant industry intact and be ready to go when the turnaround comes? I do not know which of our guests would like to come in first on that question.

Ms Aideen Howard: I would be delighted to take that question. As my colleague, Ms Angela Dorgan, mentioned earlier some of the immediate and urgent requirements of the sector would be addressed through the extension of the pandemic unemployment payment for the remainder of the year. The Deputy rightly points out that we need long-term action. Within our submission, we are calling on the Department to build on the great work that has been done for the Arts Council and commit to allocating €30 million for next year to allow the Arts Council and the funded art sector to sustain itself and survive.

In addition, the reform of the tax regime and incentive change that we are looking for would allow arts organisations that are very busy fundraising all the time to try to better address the deficits that they will experience in other sectors of their businesses.

At the same time, we know that local authorities and regional development are equally important to the survival of the sector. This is not just about funding from central Government. The local authorities play a massive role in the local arts scene of all the constituencies represented by the committee members. In the context of local arts funding in local authority budget lines, whether it is for venues, the arts centres of Letterkenny, Bray, Siamsa, Dún Laoghaire or wherever, we would be very keen that those budget lines are ring-fenced and protected, not just now in 2020 when there is a crisis but right into 2021.

Finally, in the longer term we are looking for the pilot promised in the programme for Government for universal basic income to be expedited and expanded beyond what is promised in order that individual artists and arts workers can consider some viable future. As the Deputy suggests, even when arts organisations like my own can reopen, we will be doing so at a capacity of 15%. This will make matters very difficult to be viable for many months to come.

Deputy Colm Brophy: On the commercial side - on the EPIC side - I have seen the submissions and appreciate the range of issues. So many of the members and the type of people who provide the services EPIC is involved with are small, really get-up-and-go companies and self-employed individuals who work on events. If there were one or two key things that we, as a committee, would be recommending to Government, based on the fact that this could take

quite a long time, what would EPIC like to see us recommend?

Ms Sophie Ridley: I hope Deputy Brophy is not right about how long it will take but I have a fear he may be. We need to keep our members alive and well enough not to have to take jobs in other sectors, so that when we go back to work we will have the skills we have taken so long to build up. For our individual members, that is to keep the Covid payments going until we go back to work. It is support from the banks for their loans and mortgages. For our SMEs, it is grants to help with the rent and rates and a reduction in or a holiday from commercial rates in order that we can pay for warehouses full of equipment. We have already addressed the question of VAT.

Deputy John McGuinness: If I may go back to the question about the local authorities and their funding, in spite of the fact that it is local authority funding, it will now have to come from central government too because the local authorities are challenged. In Kilkenny, I am acutely aware of the great role the arts and the network relating to arts projects, festivals and so on play in the economy. Through the local authorities, there needs to be a substantial input of funding from central government to support festivals such as the Arts Week and Rhythm and Roots and events centres such as the Watergate Theatre in Kilkenny. A range of supports available through the local authorities will be challenged due to the financial circumstances of those authorities. It will be for central government to come in and act on that. I would hope that in highlighting their case to Departments, the witnesses would think of the fact that funding there has dried up and it is absolutely critical that it be replaced with direct funding input from central government. I mentioned the Watergate Theatre, which is being used for virtual performances and so on. That type of innovation also needs to be supported.

In terms of the Arts Council, the figure of €20 million was mentioned. The council is seeking €30 million for 2021. Has it factored into that request the fact that an awful lot of what happens in the world of art will really not pick up at all until the middle or end of next year? What has been the response of Government to that predicament?

Ms Angela Dorgan: Directly speaking to the Arts Council's €20 million, I sat on the advisory committee on behalf of the National Campaign for the Arts. I refer to how that €20 million breaks down, which takes me back to Deputy Brophy's question on how we will continue. A big chunk of that funding from the €20 million will go directly to artists to make work to present, and I mean festivals, stages and people who work in theatres. It is very important that there is artists' work to present. The Arts Council has ring-fenced €9.2 million for individual artists, writers, theatre makers and musicians, which is welcome. There is a substantial fund to help arts organisations to adapt to an online world. There is also an ask that the Government work with the European Commission on Article 13 to provide fairer pay to artists for online work because that is where a lot of them are being driven to make a living. There is a European-wide campaign that Ireland has contributed to and there are activities like that, which can help. A substantial other fund from the Arts Council will be spent on helping local arts centres and venues to adapt to Covid as we start to come back.

To reply to Deputy Brophy, EPIC, and I am sure Ms O'Connor, would agree we are the sector that will coax everybody out. Our sector kept everybody company when they were in isolation during Covid. It is up to us and the skills in the entire sector, which we cannot afford to lose, to coax people out so that a return to normal happens quicker.

Deputy John McGuinness: What about the response by Government in terms of providing the necessary funding? In the context of not being able to get back fully until mid or late 2021,

it is important from the figures that have been presented that they reflect the possibility of a longer recovery for the sector. There is a need to support EPIC and the other parts of the industry that act behind the scenes. I hope that the figures are big enough, in presenting to Government, to capture that possibility.

Ms Angela Dorgan: We have €30 million. I know that EPIC has other needs for its SMEs such as loans and supports for those companies to recover. We have factored in €30 million for the Arts Council and an increase in funding for Culture Ireland for 2021 as well, as the sector starts to recover.

Mr. Shane Dunne: We are 100% behind the funding that has gone to the Arts Council but that is for the funded arts sector. The non-funded sector, in turnover and ticket sales, is substantially bigger.

The Deputy asked what was the Government's response to the sector. Right now we have a wage subsidy scheme that will last until the end of August, which is the response that we have had from the Government. He asked about long-term recovery. If the payment does not extend until we are back to something like capacity we will not have a long-term recovery because the people and the skillsets that we keep talking about will leave this industry. They are the big asks. There will be little bits of work and venues will be at reduced capacity. Maybe venues can operate at 25% or 30% but they can only operate at that capacity with the continuation of the wage subsidy, with a rates break and substantial other help, as listed in the submissions. The three submissions have a similar crossover of requests. It will take the entire raft of requests to keep these people and their skillsets within the industry so that in three, six or nine months or whatever we can go back to work.

Ms Angela Dorgan: There are vital local priorities.

Deputy Colm Burke: I thank all of the organisations for their presentations. This is a very challenging time especially for all of the artists and those involved in the events industry. I presume quite a small proportion of the 54,000 artists benefited from the Covid payment of €350 per week. How many artists benefited? Was it less than 25%? Was it a smaller percentage?

Ms Angela Dorgan: The most recent figure we have from the Department is 14,000 but that was four weeks ago. The Department has also set up a direct email for those who have problems qualifying. Another ask would be that there would be broader criteria for all of our sectors to qualify when, as we hope, the payment continues.

Deputy Colm Burke: Ms Dorgan referred to a broader mechanism. What kind of changes does she consider necessary in order to bring more people in under the system?

Ms Angela Dorgan: As Ms O'Connor stated, after 12 March people could claim the pandemic unemployment payment if their work was interrupted. All of the people to whom we are referring literally make hay during the summer. Our busy time kicks off in late March and runs through to October. A substantial number of people in each of the three organisations represented here were not working in March and, as such, do not qualify for the payment.

Deputy Colm Burke: On Covid unemployment payments, my understanding is that if someone was not working during the particular week at the end of February or had not been working for four weeks in the period from 1 January to the end of February, an average over nine weeks was taken into account. That too probably would have left those people unqualified

for the payment. Am I correct in that regard?

Ms Angela Dorgan: They would not have qualified because that period covers December, January and February, which is a quiet time in the events industry.

Deputy Colm Burke: The charity sector has been very hard hit. Many people who normally contribute to fundraising are not now doing so. Ms Howard referred to reform of our tax regime to incentivise and encourage charitable giving and keep arts organisations in business. What kind of reform is she seeking in that regard?

Ms Aideen Howard: As the Deputy is aware, a large number of funded and other arts organisations are charities. We enjoy charitable status partly for the benefit and privilege of being able to fundraise. Our colleagues in the charity sector have carried out a significant amount of research on the kinds of reform that would be required to bring Ireland in line with countries that really incentivise investment and charitable giving. For example, the Community Foundation for Ireland has published a very useful document which proposes changes to the tax system that would result in investment in the arts being comparable with investment in other areas, film in particular. In addition, it is proposed that charitable giving by corporations and individuals could be much better facilitated and resourced under a revised system. I understand from colleagues in charities, the arts and Benefacts that several models are ready for review. We would be delighted to suggest models that the Government could investigate with the aim of making giving to our sector a little bit more attractive, in the way that it is in other European and----

Deputy Colm Burke: I ask that that documentation be made available to the committee.

Ms Aideen Howard: We will submit it to the committee.

Deputy Colm Burke: There are many international companies in this country, as well as many very big Irish companies. Should we be doing more to try to encourage them to sponsor artists? That practice is not as common in Ireland as it is in certain other jurisdictions. Is it all tied in to tax? Is a change to the tax code needed to bring about change in that area?

Ms Aideen Howard: We would argue that there is increased and increasing capacity to successfully fundraise in our sector. However, it is very difficult to make that plausible and viable without change to the tax regime change to support it more widely. The committee will not find us wanting in terms of our ability to be entrepreneurial and raise money, but we need a corollary to match----

Deputy Colm Burke: I would tell large companies that it should not all be based on tax considerations. If a company sponsors a person or group involved in the arts community, that is of significant benefit to the local community and, as such, is also of benefit to the employees of the company. That approach should also be taken when seeking corporate sponsorship.

Ms Aideen Howard: I certainly do not discount taking that approach. The two go hand in glove. For example, the Arts Council has invested heavily in a programme entitled Raise which will allow organisations to build their capacity to deliver in that regard. However, it is a very difficult time right now for organisations to try to generate revenue from those kinds of sources. As such, we need to-----

Deputy Colm Burke: I think Ms Howard would agree that Ireland is a bit behind certain other jurisdictions in the context of corporate sponsorship.

Ms Aileen Howard: I would agree with Deputy Burke there.

Chairman: Deputy Smyth is next. Are you taking five minutes, Deputy?

Deputy Niamh Smyth: Yes. Is that okay?

Deputy Éamon Ó Cuív: Am I not down to speak? I thought I was down.

Chairman: I am afraid I do not know. I have Deputy McGuinness down. After that I do not know who is next.

Deputy Niamh Smyth: It does not matter. Deputy Ó Cuív should go on ahead.

Deputy Éamon Ó Cuív: I am so used to standing up here. We do not stand up in committees. The time is tight, unfortunately, and there are many things I would like to raise. I will try to keep my questions short. We will try to keep the replies short to get in as much as we can.

Can the events industry representatives confirm that the sector is not generally State subsidised and that it now requires urgent assistance? Is it correct that reform and refinement of the pandemic unemployment payment and the temporary wage subsidy scheme are urgent? Does the sector need to deal with the seasonal work issue and the part-time work issue as work begins to become available slowly? Does the payment need to be continued at least until next summer as a first step? The events industry will certainly not get going until next March at the earliest. That is the first question.

The second question relates to talk about an industry task force. I take it this is important. When should it report so that steps can actually be taken on foot of a report to save the arts and events industry?

How big are rates and rents as overheads? How important would the waiver of rates be in particular? The restart grant is limited to €10,000. Many arts and events industry players are paying more than €10,000 per year. Is this too low a cap on the rates rebate for 2019?

Ms Elaine O'Connor: I will respond to the first question. We can confirm in respect of support payments that we hope at the very least that they continue to next summer. We are looking at an entire season lost this year. We will only be getting back on our feet and working towards a new season next year.

We believe a task force should be established immediately. We have questions within industry that are delaying that progress. Our local authorities, for example, are among the largest promoters of local community events throughout the country. They face the same challenges as our entire industry. We have questions and nowhere to go for answers. It is imperative that it is put in place straight away.

Deputy Ó Cuív asked when we would expect to have information. We hope we could begin to start delivering reports initially for the July fiscal stimulus package but also to industry as soon as possible. It is only by trialling events and trialling our way through this that are we going to be able to build these events slowly from the ground up to ensure they are safe spaces, to ensure everything has been checked, and to ensure that our customers and attendees are confident in the spaces.

Mr. Shane Dunne: I will add to what Ms O'Connor has said and pick out elements from the questions posed by Deputy Ó Cuív. One element is rates. There are several non-funded

venues and theatres, including places like the Bord Gáis Energy Theatre, the Gaiety Theatre, the Olympia Theatre and numerous others throughout the country that have exceptionally high rates bills and are currently paying them in full. Those theatres are empty. The seats are empty. The staff are not there.

Deputy Ó Cuív asked a question about the pandemic unemployment payment. The nature of this business is that it is one day here, three days there and four days somewhere else. The big issue will be that as things start to reopen slowly, a person might pick up a day's work or two days of work. Will that person then be removed from the Covid-19 payment or the wage subsidy scheme? My understanding is that it could be up to six weeks before that person could get back onto it. That will make it difficult.

The €10,000 grant may be awarded on a case-by-case basis. It will be far too low for a multitude of businesses.

Mr. David Mongey: I would like to add one further point to Deputy Ó Cuív's question which is something that has not been mentioned, but grants would be very beneficial to our industry. There are many companies involved in the industry that have large quantities of stock in their warehouses that have been inactive for the year and on which much money is owed to the banks. As we know, the banks are only giving certain limits to their extension schemes. I know from sources in the industry that there could be up to €20 million worth of stock and equipment around the country for this major industry. We would be grateful if this could be considered by this committee in terms of supporting that side of the business.

Ms Angela Dorgan: To echo both of those comments, the task force is needed immediately. The PUP extension, along with other measures, should be in the stimulus package in July. The task force will be needed and is essential in developing a roadmap on how the entire sector gets back to work and how we can support Government in delivering that. We are the people with the talent, the know-how and the international networks.

On the question of rates, there are many artists' studios and venues big and small whose rates are higher and lower than the €10,000 cap but, specifically, there are artists' studios, venues and practice rooms that would fall below that figure. This figure should be lowered or perhaps to have a rates holiday in those situations would be very beneficial to the sector.

Deputy Steven Matthews: I understand the difficulties the arts are facing and the devastation that this pandemic has brought upon the arts sector. I understood the difficulties the sector was facing before Covid-19 as well, as I had served as a director on Wicklow's Mermaid Arts Centre. I know the amount of work that goes into organising, applying for funding, attracting and supporting artists and the outreach programmes that are organised to give people access to the arts who might never have access to them and the benefit which that brings. I know of the disappointment when a show or performance does not go well and the joy when it does. I also have experience working in event production and know of the huge skill set that exists across that behind-the-scenes sector the witnesses referenced earlier on, in terms of lighting, sound, power, construction, set design and that range of support industries. It is huge and brings great benefit and joy to many people.

My worry, which has been referred to by the witnesses, is that if a full season of work is lost, the seasonal partnerships and relationships that exist across the sector will be broken up. These are relationships that have been built up over years, whereby people know how to work well together. Were they to be lost, it would have a massive impact as we try to reboot and grow the

arts sector again.

The Event Industry Association of Ireland submission stated that up to half of the businesses in that industry may not survive 2020. Does that indicate that there are certain sectors or places within the arts sector towards which we need to direct funding more urgently than other sectors? The issue of funding has been covered quite considerably in the submissions but one thing I always found was the inconsistency in funding. It was one of the biggest issues that artists faced with short timelines to apply for funding or that it would change from year to year. This would benefit the arts sector greatly as we move out of this period.

Chairman: Does anyone-----

Deputy Steven Matthews: Can the witnesses identify the half of the industries referred to in the submission that may not survive?

Ms Aideen Howard: I thank the Deputy. We have talked a lot about ecosystem and the interrelationship of all of these sectors. Mermaid Arts Centre is a good example of a venue with 242 seats which, when it when it reopens, will presumably have 15% of that capacity available to it. This is also a very useful example because as a locally-funded arts centre, it sits in the middle of that ecosystem that is fundamental to all of us here. Mermaid Arts Centre, for example, has a fine tradition of funded arts. It also interacts with the commercial music sector consistently and successfully, and has done so with Bray Jazz Festival over the years. It is a brilliant example of how, fundamentally, the two-tiered approach of local authority funding, even if it does come from central government, and arts council funding can maximise the input and output for the citizen. The attendance at Mermaid Arts Centre, which might be 35,000 people a year, is something we will have to invest in and sustain. There are key points in all our presentations that could benefit from particular targeted attention but, equally, we need universal action. We have identified that local arts centres' infrastructure and the local authority budgets are major. I am keen to emphasise that that affects every person here and that investment in that area will be crucial.

Mr. Shane Dunne: There is no doubt that the people, the teams and the relationships the Deputy refers to are what I describe as my summer family, that is, the people I see from only April to September. I do not have to read stories to them but we work together. Just because somebody is the stage manager on the main stage at Electric Picnic does not mean that he or she does not spend a portion of the rest of the year in the Abbey Theatre or the Gate Theatre. This is an industry where we all work together. People who pop up on television sets then pop up at outdoor shows a couple of weeks later. The problem we have at the moment is that the entire industry has stopped.

The Deputy is fully correct that these groupings, companies and SMEs will be lost and broken up. Those relationships, events and businesses will not come back unless there is a raft of supports such as those requested from the NCFA, the Event Industry Association of Ireland and us at EPIC. We need the bulk of those supports to come through immediately. As Ms Dorgan said, it needs to come through in the July stimulus package. It is not something we can wait for until the depths of winter. When that comes, it will be too late.

Deputy Duncan Smith: I thank all our guests for their contributions and submissions. If this pandemic has one good outcome, it has done a great job in quantifying, in euros, cents, jobs and numbers, how important the arts industry is to us. Many of us experience the industry through people in our families who work in it, but to see the value of it in economic terms, and

to present that to a committee such as ours and to have us be able to support that in the July stimulus plan and beyond, is vital.

Many of the issues I wanted to raise have been raised and I do not want to repeat them. Our guests might comment on the potential for a model of long-term funding that would include grant aid, direct payments, charitable donations and tax incentives. Do we yet have such a clear model? Sometimes those methods are not bedfellows. If they interact with one another, I would like to be clear on that so we can support their use as much as possible.

It is clear the wage subsidy scheme and the pandemic unemployment payment will have to be extended for this industry. There are large elements of this industry, similar to that of aviation, that just will not be able to come back as quickly as barbers, hairdressers, restaurants and pubs have done this week. My party and I will support that in writing to the new Minister.

A total of 72% of artists earn less than the national minimum wage and, presumably, an awful lot of them support themselves with a primary or secondary job. Have our guests been able to quantify how many artists will be lost to the industry through this? How many will have to turn their back on the industry, both directly, in the case of artists, and indirectly, through support workers?

I had intended to ask questions about local authorities but I understand that Deputy Gannon will ask them, so I will not overcrowd my contribution with that.

Ms Angela Dorgan: It is great to see how many around the Dáil Chamber got to a barber so far, now that they are open.

I regard the arts sector as a house of cards in terms of funding. I am not referring to the HBO show. I wish to refer to the moneys with which the arts sector, festivals and events fund themselves and that allows them to put on work by, support and pay artists. My organisation is partly funded by the Arts Council. We use that funding to develop programmes and we can sometimes access international funding for parts of our programme. A major part of the funding, the third part, is from ticket sales and sponsorship. Since there are no events, we have nothing to offer sponsors. Since a big chunk of our annual event, Ireland Music Week, will be online, we have far fewer pouring opportunities to offer drinks sponsors and far fewer to make it an attractive element. On an organisation-by-organisation basis, it means we have reduced capacity to hire Ms O'Connor's event company, with which we work, and it means we have reduced capacity to generate any sponsorship.

Typically, the Arts Council funding we get is about two thirds of what we need to stay open as an organisation. It is the funding that allows us to stay open for the rest of the year as an organisation. People should consider what is left when ticket sales and sponsorship opportunities are taken away. It is not as if everybody gets 100% funding in the arts sector. I am referring to what happens with the national resource organisations, local events and festivals. When any one of the cards comes under threat, the whole house falls. The NCFA looked for so much funding for artists because the organisations and events are not hiring them or paying them. It is a matter of the Arts Council being able to intercept to determine where the key organisations are under threat because they cannot generate ticket sales. Some 50% of the income of the Project Arts Centre, for example, is non-funded. Events such as ours and venues such as those to which I have alluded are left wide open to the problems of dissemination and evacuation, which many Deputies have talked about. If we cannot be supported to keep our card going so we will be in a position, when we re-emerge, to generate more funding through our events and hire colleagues

in the events industry, there will be a very bleak landscape. We are innovative and intelligent, and we have all referred to that. If help can be provided in the three areas in any way, it will be of benefit. I refer to a tax regime encompassing more types of sponsorship and ways to invest in an organisation just so it can exist and so we will not always have to look for sponsorship for events. There is a suite.

To refer to a previous question, all of this can be worked out in a task force along with a timeline. A big threat to organisations is that they do not know how long they have to budget for without the three lines of income.

Chairman: Did Mr. Dunne want to contribute? We have gone slightly over time.

Mr. Shane Dunne: While EPIC and the people we represent are the same as those Ms Dorgan represents, we are very different. For us, as an industry, to put five artists on the stage in Croke Park or Slane takes approximately 2,000 staff. The staff call for Electric Picnic is in the region of 4,000. That is 4,000 taxpayers.

I was asked about non-funded organisations by comparison with those that are funded. We are 0% funded as it stands and that is why we have the list of demands we have. We are not actually asking for funding but asking that, as we reopen and increase capacity from 25% to 50%, we be given the time, through the pandemic unemployment payment, wage subsidy scheme, rates breaks and a reduction in VAT, to allow our businesses to recover. That is desperately needed. To reiterate an earlier point, it is desperately needed now rather than in a budget in October.

Chairman: Ms O'Connor indicated that she wishes to contribute. Was it on this point or an earlier matter? I am sorry but it is a little difficult to know who wants to contribute when we are in different rooms.

Ms Elaine O'Connor: The point was covered.

Deputy Gary Gannon: I thank the witnesses. I go back to the local authority funding as the point was emphasised several times during today's session. I fully appreciate the importance of local authority funding to the arts. Is there a fear or anxiety that somehow local authorities will not fund the arts in the next year? If so, where does that fear come from?

Ms Elaine O'Connor: The fear is that local authorities will remove funding from local community events and other types of events they support. That would be a nationwide impact on everything from any sort of activity taking place in a local theatre to, I presume, the likes of Christmas tree lighting events.

Deputy Gary Gannon: Is there anything fuelling that fear? Have local authorities suggested that will be the case?

Ms Elaine O'Connor: I am not 100% sure. My experience over the past 15 years and particularly with the crash in 2019 indicates that events are always the first to go. That makes sense. Many community events receive discretionary funds from local authorities and one might assume that funding will be reduced significantly. It will put much pressure on. Additionally, as I mentioned, organisers will need to adjust how they do business and work with people outside organisations. There is considerable additional cost in delivering, planning and sustaining events.

Deputy Gary Gannon: My next question is also for the EIAI. A very important point was made that recent funding will not filter through the industry ecosystem. Will the witness elaborate on that statement? If possible, could alternatives or additional funding streams be suggested that might be of benefit to the industry or the people represented by the organisations present? How can funding benefit those organisations?

Ms Elaine O'Connor: On the second page of our presentation, we have a diagram of an iceberg. I do not want to diminish anything that has happened today but we were trying to point out that events, the arts and entertainment are at the top end of the iceberg, with much going on underneath that also needs to be supported. We have made a number of recommendations in our submission that would cater for many of these but members can see that a large amount of meaningful work is required. We need to start with a blank page and work through the practicality, viability, economics and every other element of this to ensure we can pull it together, deliver safe events and be able to produce a fall-back plan should something change. We need some sort of certainty that when we plan events and invest in them, they can be delivered.

Deputy Gary Gannon: The roadmap does not yet exist. Who should be in the room when that roadmap is developed? I am very conscious that many of the important decisions made in the past couple of months have not had particular sectoral interests in the room. Who should be in the room when the decisions are made?

Ms Elaine O'Connor: We have suggested that this should be an industry-led roadmap. It would include my colleagues, stakeholders in statutory agencies, An Garda Síochána, the Health Service Executive, the Health and Safety Authority, etc. We need guidance and clarity on what is expected from the industry and we need to provide stakeholders with our expertise as to what is possible and viable on the ground. We need to work those practically into a workable roadmap to recovery that would work for all parties in the industry.

Deputy Gary Gannon: How has the engagement been between the arts community, freelance technicians and the Department of Employment Affairs and Social Protection with respect to the pandemic unemployment payment or wage subsidy scheme over the past couple of months? Have they felt respected?

Ms Angela Dorgan: We went to that Department through the Department of Culture, Heritage and the Gaeltacht. It will be changed again and I have already forgotten the old name. We made submissions very early on and one day we had a Zoom call with 500 people. Over 400 of those individuals had problems. When we went to the Department it was quick to set up a dedicated telephone line to help people with qualification problems. They dealt directly with the Department of Employment Affairs and Social Protection on behalf of the artists.

Chairman: I believe Mr. Dunne wanted to respond to one of Deputy Gannon's questions.

Mr. Shane Dunne: On that point, we are hearing from many of the sole traders in particular. People who are stage technicians, lighting designers, safety officers, event controllers, etc., have had considerable difficulty with the scheme. Much of that goes back to the fact that they were not working in January and February. They have had many problems with it and there has been some ping-pong around of contacts within the Department of Employment Affairs and Social Protection. I think it is starting to fix itself but it has taken some time.

To go back to an earlier question from the Deputy with regard to the funding already allocated and how it would go into the wider industry, the Arts Council is unapologetic in repre-

senting creators and artists, and it is right. That is what it does and does well but to go back to the earlier point, let us consider a large-scale outdoor show, be it in Páirc Uí Chaoimh, Pearse Stadium, Croke Park or the RDS, or even a 3Arena show, with four or five artists and creators on that stage and 1,000 or 2,000 staff - there are 4,000 staff at Electric Picnic. With the greatest of respect, and I genuinely mean that, Arts Council funding will only touch a fraction of those people. That is what the Event Industry Association of Ireland and we in EPIC are talking about. We are not asking that the Government not fund the Arts Council. In fact, it should give it more. The Arts Council does a fantastic job and is grossly underfunded. We are saying that the wider industry, the non-funded sector, all the staff and all the SMEs associated with that, need a raft of supports to survive over the next six, eight, nine, ten and 12 months.

Chairman: I thank Mr. Dunne and Deputy Gannon.

Deputy Richard Boyd Barrett: I thank the Chairman and the committee for agreeing to my request to have this session and to get EPIC and the National Campaign for the Arts in before the committee. It is hugely important that their voices are heard.

The terrible irony of the current situation is that society has never before needed the arts, music and culture more than it does now to sustain itself in a difficult time. It has now realised the value of the arts, music and culture, even through their absence, because people are missing going to gigs and live events. Their value and importance have been underlined tenfold by the current situation but the arts are facing an existential threat to their existence and all of the people front of stage and behind the scenes are also facing such a threat. The witnesses have made their case fantastically well and I hope the Government listens in terms of how important it is to sustain them all through this situation, however long it lasts.

Many of the economic arguments have been made and I do not want to go over them because the witnesses made them so well. I would like them to talk a little bit about the human impact of all of this on the artists and the people behind the scenes whose livelihood is now threatened in a fundamental way. In some of the Zoom meetings we all attended recently people were pointing out that, pre-Covid, musicians who play in the pubs, such as those in Temple Bar, would have been paid €130 for a two-hour set. As we speak, they are being told they might get €30 for two hours. That is not sustainable and it is incredibly demoralising for those musicians. They need the payment and they need a guarantee now that the pandemic unemployment payment will be maintained until their livelihood can recover. That is just one example I can think of. At the meeting we had online, Bressie spoke about the mental health impacts for people of having mortgages and bills and not knowing what is coming down the line given the current situation. I would like all the contributors to talk about that mental health impact, the anxiety and the human consequences for people front and backstage.

The other area I want to ask about is the role the witnesses envisage for public service broadcasters, the national broadcaster, in all of this. One of the comments made repeatedly at the meetings was that we should have a minimum amount of original domestically produced content on the national broadcaster to encourage original content production, performers and so on here. Perhaps the witnesses could comment on that demand. I refer also to funds for the production of original content. Could they say a little bit more about payment for online work? That featured quite a lot in the meetings we had.

Ms Sophie Ridley: I will answer the question on the effect on people. Individuals are not sure how long their payments are going to last. They are looking at children going back to school in September, with uniforms and book lists, and then at Christmas. They have no idea

whether they are going to be able to pay their mortgages or buy Christmas presents. SMEs have no idea how long they have to budget for. They are approaching their banks and are not getting much help. These people are really suffering. We are an industry of people who come up with solutions and we have no control. We cannot come up with a solution. All of the members of our committee, and I am sure the other committees, have had really sad and painful phone calls from people who have closed their businesses. They cannot see the light of day and do not know how for much longer this will go on. I refer also to mental health issues. Bressie, our spokesman, speaks to that much more ably than I can. One of the things we are asking for is funding for mental health support for our members. As I say, we are an industry of doers and at the moment we cannot do. We cannot see when we will be back to doing things. It has a really bad effect on people's morale.

Ms Angela Dorgan: I can speak to exactly the same experiences as Ms Ridley. We hear from artists who do not know when they can make work again. We have the same conversations that EPIC and Ms O'Connor have. People are forced to look at other jobs or migrate out of the sector. That will have a really devastating long-term effect on the sector, as Mr. Dunne noted earlier.

The mental health impact is similar to the mental health impact on everybody in this country. Covid-19 was a devastating time, but some sectors of our country are getting back to work and see light at the end of the tunnel. One cannot overestimate the impact on artists, workers, organisations and companies in the events sector of not knowing how long the tunnel is, let alone where the light may come from. Although it may not seem like much, the only thing we can immediately offer everybody in our sector is the extension of the Covid-19 pandemic unemployment payment. That will at least allow them the opportunity to stay in the sector and to contribute to it coming back.

Regarding the question on broadcasters, two issues arose in our sector regarding artists making money from their work. Daytime radio, running from 7 a.m. to 7 p.m., pays the most. Featuring more Irish artists is an absolute must. That is why broadcasters need to be represented on any task force. We should follow France and New Zealand, where different strands are coming together so that right hands and left hands move at the same time and strategies that benefit everybody can be built.

The other issue concerning fair pay that came through very strongly from artists was Article 13 of Directive (EU) 2019/790, the directive on copyright in the digital Single Market, which has been pushed through. Ireland has supported this in the European Commission. As a country we must call for that to be revisited and expedited, because the companies concerned all live here. Fair pay for artists for online work needs to be a priority of the next Government.

We should remember that artists and those working in the events sector face the same challenges as everybody else: childcare, health, mortgages and rent. These are all getting more and more difficult. Some banks are now refusing people mortgages and loans while they are on the Covid-19 pandemic unemployment payment. As Mr. Dunne, Ms O'Connor and Ms Ridley have stated, we were the first sector out and we will be the very last to come back. As such, the impact of these initiatives on society at large is not being felt by artists alone. It is being felt by everybody, but we will be the last to come back from them or even know when there is a possibility of doing so.

Mr. Shane Dunne: I would like to add a minor detail to what Ms Dorgan has said but I echo everything she said. We have spoken to a number of SMEs within the sector in recent weeks.

Across all sectors, SMEs are viable, profitable and successful businesses. The one thing that SMEs do not have is large stores of cash and massive reserves. That is why they are SMEs. We have found in recent days that SMEs have been granted a three-month or six-month loan break. An SME might have borrowed €1 million to buy equipment such as a public address system. Those SMEs are now being told that they will have to make those repayments in 2021. In 2021, those SMEs will have to pay 18 months' worth of payments instead of 12, in a year when they will most likely not have any money until the end of the summer season, assuming we get one.

Returning to the mental health issue, these are, in some cases, businesses with four, five and up to 20 staff. The business owners are worried about their staff, bills, children, childcare and mortgage costs. They are worried about their businesses. In many cases, business owners have spent five, ten, 25, even 45 years building up that business and are watching it crumble in front of them with little or no help from the banks or insurance companies, although that is a discussion for another day. Ms Ridley touched on this point, but those SMEs need support now and a little chink of light at the end of the tunnel will help them immeasurably over the coming months.

Mr. David Mongey: I will come in on that point because I am in the SME sector and have a staff of approximately 40. I can see the stress on my team, many of whom are at home, twiddling their thumbs and waiting for the next event. As I mentioned before, these people are passionate about their game and highly skilled. We had The Gathering a number of years ago and the next one is scheduled for 2023. All of the witnesses around this table made a contribution to The Gathering. It is a large industry with great talent. We must protect that talent, mentally, physically and financially.

As Mr. Dunne said, some of my staff have babies, concerns about childcare and mortgages to pay. The banks are causing stress and not giving mortgages. A number of people on my team recently got married and want to build or buy houses or do stuff like that. This is a phenomenally stressful time for them.

I know from within the industry that there is considerable talent and a passion to be the best in the world. I think we are the best in the world because we have the skill, the chat and the craic. We know how to deliver a top-class product.

Deputy Matt Shanahan: I thank our contributors. This committee has spent a number of weeks analysing the pathway into Covid-19, how we handled the nursing homes issue and all of that, and now we are looking at the devastation that has been wrought economically and how to move out of it. Today is probably one of the most telling days of evidence because we have heard about the overall effect on our SME community and people who are privately employed, and the challenges seem to be getting greater and greater. That is not to say that we cannot overcome those challenges but we are going to have to work together.

I have long been an admirer of Mr. Mongey's business and the digital equipment he supplied to the National Ploughing Championships. I know that for Mr. Mongey's business and others like it, much of that sound, lighting and digital equipment is bought on lease purchase. Once a person has engaged in a lease purchase, it is difficult to get any change to that contract without major financial penalties. How is the industry surviving in that respect? I imagine a lot of capital equipment is purchased that way.

Mr. David Mongey: It is a struggle. In fairness to the banks, they have given a three-month moratorium, but the leasing companies simply want their money. That is why I said that I think

grant aid would make a significant contribution to getting us over the hump for the next couple of years. A long-term loan at zero rate would also make a significant contribution. When a person goes to a bank seeking a loan, he or she does not have to jump through the same hoops and deal with the bureaucracy. A simple VAT return from any business in this sector will show the collapse of the industry. Some grant aid for people in the industry, particularly to pay for their stock and help with financing, would make a huge contribution.

Deputy Matt Shanahan: I am sure it would. I also wonder whether, where people are running into difficulty, the banks are passing that on to the credit bureaus. I know leasing companies are very difficult in that respect. A lot of sole traders will find it difficult now to meet payments, get extensions to payments and all of that. It is very unfair that people who have been forced into this situation suddenly find their credit rating has been impacted.

I would like to ask some of the events people about funfairs, which are probably an adjunct. I think only one insurance company was providing insurance, through the Showmens Guild, over the last couple of years. This was a huge problem even before the onset of Covid. In my constituency, in Tramore, which has the amusement park, this is an ongoing issue. Have the witnesses had discussions with any Department or received any kind of solace with respect to insurance?

Ms Elaine O'Connor: Having had a conversation with the Showmens Guild myself in the last few days, I am not aware that there has been any communication there. I will take the opportunity to point out that funfairs and amusements are particularly challenging. They have a massive amount of equipment that needs to be maintained to make sure their certificates remain valid. They have other challenges that are slightly harsher than the event industry from the perspective of proximity and social distancing.

Deputy Matt Shanahan: We are aware of those. We have spoken today about the need for everybody who has contributed to the conversation to come together to make a strong statement about certain areas. We spoke about it previously but insurance is a key issue for the SME sector.

With respect to festivals and social distancing, have the witnesses any insight into the outdoor festivals this year and how they are going to be impacted? On the possibility of opening up Spraoi as a festival again in Waterford, we have not had the go-ahead on it as yet. It is supported by the Arts Council and normally takes place over the August bank holiday weekend. Has anybody any insight or have they been told they can start getting ready for some of this?

Mr. Shane Dunne: The short answer is “No”. What we have at the moment is a ban on events involving more than 5,000 people up to 31 August and we have the roadmap which just runs to 20 July, which I believe allows for up to 100 people indoors and 500 people outdoors at that point. The outdoor industry, be it festivals or stand-alone events, is very much dependent on the social distancing requirement reducing from 2 m to 1 m. I do not think we have any opportunity at 2 m. At 1 m, and with these supports in place, we think we can look at some outdoor shows. These are hypothetical discussions but at 1 m, we can potentially do a show for 3,000 or 4,000 people where we would normally have one for 20,000 people. Outdoors, one has that ability but unfortunately, in the Abbey, the Olympia or the 3 Arena, we cannot move the walls. The capacity is restricted and that is it.

I mentioned earlier that we might address insurance another day but now that it has been brought up, I wish to mention one thing. The Deputy noted that only one insurer is looking

after funfairs. In the last couple of years, we have seen a number of insurance companies in Ireland get out of the event industry. They do not cover it any more. We are being insured or underwritten by companies internationally. We are finding this year that events that thought they were covered for cancellation insurance, and are covered for cancellation insurance as far as their policy goes, are not being paid their cancellation insurance. This is going to be a bigger issue in the longer term when we do reopen. To give a very quick example, something like the Gaiety pantomime has an upfront investment of about €1 million. The show would normally start around July with set builds and costume, with actors coming in from August. If we get to the end of November or start of December when the pantomime starts and there is a cancellation, be it due to a localised lockdown or a cast member coming down with Covid, there is no insurance to cover that. It will be the same for artists touring, venues and all of the theatres. We need a plan for that and we need the insurance companies to be pulled into line by the Government, if the Deputies will excuse the strong language. Otherwise, we are facing a long-term issue as regards covering it.

As part of that roadmap for theatres, we will need a derogation on social distancing on stage, such as many European countries have already brought in. There are beautiful moments in theatre. People kiss. They cannot do that from 2 m away or 1 m away. This will have to be changed. Insurance is a longer-term problem, but it is one that we need to start working on straight away.

Chairman: I am perplexed by the fact that it is acceptable to have 150 people in an aircraft for three hours yet 150 people in the Abbey Theatre is a threat to life. That is nonsense. During the reign of clerics, the arts were supported but it seems during the reign of medics, they are left to go to the wall.

Deputy Michael Collins: I thank our guests. I have a number of questions for them, and maybe more than they can answer. If so, perhaps afterwards they will supply written replies to me or to the committee. Responsibility for the arts will now be under the remit of the Department of Media, Tourism, Arts, Culture, Sport and the Gaeltacht. I am extremely disappointed that the islands have been taken away because the islands and the Gaeltacht are very much one. Splitting them is not a positive move.

It is vital that Ireland sustains and grows its reputation as a great place in which to do the business of arts and culture. The responsibility lies with the Department of Finance and the Department of Media, Tourism, Arts, Culture, Sport and the Gaeltacht and the others - as already indicated, the Department has been renamed - to introduce tax incentives for investment across the arts and culture sector, in all its art forms. Incentives to win programmes and partnerships will keep Ireland competitive in this landscape. Do the witnesses believe this would be of benefit to artists, arts workers and arts organisations?

I have found that after announcements have been made, funds will be available that do not get to the people who need them, namely, the people on the ground. To explain this in detail, it was announced recently that farmers would get a package worth up to €50 million. That was most welcome but, as always, the devil is in the detail. In that context, most of the hardworking farmers who desperately need the fund, are unable to access it. In the past fortnight, the Government has announced a €25 million arts and culture Covid-19 emergency package. Have the members of the three organisations access to the funding? Is the funding freely available to all?

Well over €7 million has been lost to the arts sector due to cancelled events. God knows what the figure will be by the end of the summer. Has the Government given an indication that

it will continue to support all freelance artists and arts workers by means of the pandemic unemployment payment until mass gatherings are permitted again?

The national audience survey indicates that the arts and culture sector will be the last to return to full capacity and will need supports to ensure its survival and recovery. The arts will be fundamental to Ireland's recovery, particularly as they have an impact across society in many different ways, including the economy, education, tourism, health and well-being. Has the Government given an assurance that an equitable portion of the European Commission's structural fund is committed to the arts and culture sector?

Do the organisations believe that a reduction in VAT and providing funding for businesses involved in putting on viable events would ensure the longevity of those businesses? It does not matter whether it is a concert or some other type of entertainment. For tens of thousands of people, no matter what their religion, the biggest event they attend on any day of the week is church. Some churches can cater for over 500 people yet the Government is only allowing gatherings of 50 in a churches, which is a great disappointment to many. As has been stated here, 150 people can fly in an aircraft. Can the organisations comment on the fact that only 50 people at a time can attend church?

Mr. Shane Dunne: I will briefly answer a couple of the questions before handing over to Ms Dorgan, who is better positioned to answer a number of them.

On €7 million being lost to the arts sector and the money not coming down, it is important to clarify that there are two different sectors. We do the same thing but there is a funded sector, which is where the money from the Arts Council went, and there is a non-funded sector, which comprises all of the community events and right up to the Electric Picnic, the Spice Girls' concert in Croke Park and everything in between. Reduced VAT will help us because we are going to open at a reduced capacity. Any savings that we can make to help us with a reduced capacity, whenever we do open, will help. Currently, we pay VAT at a rate of 13.5% and we have asked for it to be reduced to 5%. An old accountant of mine used to say it was half of a loaf or no bread. In this instance, 5% of something is better than 13.5% of nothing.

The Deputy asked so many questions that I was not quick enough to write down all of them. The Deputy and I are both from Cork yet I could not keep up with him. I will hand over to Ms Dorgan who will be able to answer a few of them.

Ms Angela Dorgan: I am loving the Murphia. In terms of detail, the Department got €25 million and €20 million of this was given to the Arts Council. There are comprehensive details on how the Arts Council plans to spend the funding in the Survive Adapt Renew document. I sat on the committee that prepared that document. The genesis behind it was to get it out to the sector as quickly and efficiently as possible. My organisation is part funded and a client of the Arts Council. It has already written to ask us to put back in our budget for the end of the year in order that it can identify whether, as a resource organisation, we will need support. It has done so with many other resource organisations, venues, theatre companies and arts centres. From €9.2 million to €9.3 million of that funding will be given directly to artists through a suite of bursaries. The detail of the Arts Council's proposal examines broadening the range of persons whom funding can reach. Artists will not have to be already in receipt of funding as new bursaries will be made available. Some of the bursaries will speak to where artists have gone during Covid, such as bursaries for organisations and individuals to adapt to working online.

My colleague, Ms Howard, is better placed than me to answer the question on taxation.

That said, I think some of the work being done by Benefacts will be of significant benefit to the sector in the context of how taxation, including VAT and such matters, will work for the SMEs and arts organisations in the sector.

Ms Aideen Howard: To follow up on that point, the Arts Council advisory report published in recent weeks includes very useful language relating to taxation which could inform any new review. It calls for a review of taxation practice insofar as it relates to the arts in Ireland and internationally to make recommendations around the tax regime, which would include an examination of VAT, gifting to the arts and possible measures on artists' incomes. As was discussed earlier, there is great capacity within the sector to raise money, but without regime change, it will not be worth much.

Mr. Shane Dunne: I will attempt to address to the Deputy's question on the number of people allowed to attend mass. My mother, for example, is very anxious to get back to church. Most people to whom I and others in the theatre forum have spoken were disappointed with the guidelines pertaining to indoor gatherings because they do not take scale into account. The maximum number of people allowed to gather indoors is 50, but that could be 50 people in a 400-seat theatre or 50 people in the 3Arena which seats 9,500. It should be considered on a case-by-case basis, based on a percentage of capacity or with regard to being able to adhere to a 1 m or 2 m social distancing requirement, depending on which is prescribed. That answers the Deputy's question to a certain extent. Some churches can comfortably accommodate 500 people, but some others can only take 50 people.

Chairman: It is not clear whether there is any legal restriction on gatherings in churches. I do not think there is such a restriction. It was not stipulated in the previous regulations. I do not know whether there are regulations in being at the moment. Insurance may be an issue. Obviously, every premises is free to determine whether to open, but that is a different issue. Has Deputy Collins concluded?

Deputy Michael Collins: My time is up.

Chairman: As some Deputies have gone to the Convention Centre for votes that may be called, we are not under the same time pressure that we were under in previous meetings. I thank Deputy Clarke for her patience. She has ten minutes.

Deputy Sorca Clarke: I thank the Chairman for his patience. I am sure it is the first time for some of our guests to appear before an Oireachtas committee. It is my first time to sit on a committee. We are all finding our feet.

I have received submissions that highlight the harrowing reality facing our arts and entertainment industry. Funding for the Abbey Theatre has not yet returned to pre-2008 levels. Research conducted by EY indicates that the arts sector is facing a decline of 42% whereas the figure for the wider economy is 11%. It is clear from the statement of the Arts Council that the arts industry is the least confident of all sectors with regard to its ability to operate through Covid-19 and beyond. I am concerned about the viability, sustainability and loss of valued skills directly and indirectly associated with the sector as well as the economic loss that comes with it. The impact of the loss of skills will reach out into other areas. These areas are not strictly related to the arts but that loss will affect programmes like the Creative Schools and Creative Ireland programmes. Although community based and not professional, these programmes are wholly reliant on professional input to make them happen in the first place.

I was speaking to the manager of the Backstage Theatre in Longford. My constituency is Longford-Westmeath. I am flattered with opportunities to engage in the arts and entertainment sector, from festivals to theatres. We have an abundance of them but all are being greatly impacted as they try to come out of Covid-19. My hometown of Mullingar will have no Fleadh Cheoil this year. The fleadh would have sustained the local arts centre there for at least two years. The manager of the Backstage Theatre told me this morning about their artist in residence. She is a playwright. Her project is to work with the local children in the town. They are going to complete the work but they have no idea when they will be able to stage the production.

I have several questions. I will start by asking Ms Dorgan about social distancing. I referred to Mullingar Arts Centre earlier. The people running the centre are now looking at extending the number of shows they can put on for the Christmas pantomime. They are reducing the number of attendees but they are not increasing the ticket price. This is a reflection of the dedication of the people who work in this area. They are determined to put this on come hell or high water. The reality, however, is that it is not sustainable, certainly not from a financial perspective. The only guaranteed income they have every year is from the local authority. If that was to be withdrawn, I would not like to think about the outcome. The Backstage Theatre has a capacity of 212. Due to social distancing, it will only be able to stage events for 17 people. That completely removes the enjoyment for the audience who have to sit so far away from one another. It almost takes away the craic and removes a layer of the reason people go to these events.

I am keen to know the extent to which such measures are replicated across the country. In the week before the closure, my arts centre had over 2,700 children engaged in one way or another. That is a phenomenal figure and it is because of the outreach they do in rural towns and communities. My concern is that if these activities stop, they will never come back. If that were to be the case, we will lose a generation of potential Hoziers, actors and event managers, which is a real shame.

I am curious to know whether the National Campaign for the Arts has a figure for the number of those involved in the sector who did not receive any financial supports during Covid-19, either due to work practices or because they are over 66 years of age.

I will keep going because I have some questions for the other representatives and they may be able to swap over. I read the event production industry Covid-19 working group submission. These individuals are not in the habit of asking for help. They fly under the radar, so to speak, when events are being managed. However, events will not take place without these people in the background. The working group referred to rate rebates and the pandemic unemployment payment. Mr. Dunne referred to something that has been raised frequently with me, namely, the percentage of capacity as opposed to the capacity number. Mr. Dunne's submission mentioned help. Outside of rates rebates and the pandemic payment, what does help actually look like? For this sector to continue to be viable and to ensure that the €6 return for every €1 invested continues to flow in to our economy, what specific supports would the working group like to see in this non-funded side of the sector?

I note the Event Industry Association of Ireland submission refers to a "bustling calendar of events". A bustling calendar is certainly something that I see in the arts in my constituency. The manager of the Dean Crowe Theatre in Athlone mentioned something to me that I found concerning. It was the difficulty that those running the theatre are having in developing a programme of events for the future given the hesitancy of promoters and artists to book. This is because of their sense of a lack of security and the viability of employment in the sector. My take on this is that without a comprehensive and highly structured support package put in place

by Government, we will see this replicated throughout the country. It goes back to that loss of talent and skills and the foundations of the arts and entertainment industry will be fundamentally eroded if it loses people to permanent employment in sectors that are unrelated to it.

Are the witnesses hearing this elsewhere? Is this unique to this sector? I do not believe the answer will be “Yes”. How prevalent is something like this? How are the Government’s most recent announcements putting some confidence back, in place of the fears those who work in the sector may have about this being a viable career into the future?

Ms Angela Dorgan: I agree with the Deputy as to what she is experiencing in Mullingar. I also think there is something in the water there with all of the musical talent that is up there. This is very much replicated around the Twenty-six Counties. Our experience is that funded art centres become pinnacles and centres of other arts activities such as creative schools. We have all referred to the intelligence and innovation in our sector and much community and participatory arts practice has come online. The experience is not the same but the sector has reacted really quickly to its audiences, whether that is young or old choirs, those centres have reacted rapidly as have the artists who work on those.

Our fear is that if those centres, individuals and artists in residence are not funded to exist, anything that is available now will also evaporate because one will see those people having to move into other sectors because there is no work.

The other challenge for the arts sector is that we are seen as being so robust and well able to get on with things, that there might be a laziness in not hearing us and appreciating that this is a very important time to fund this sector. At present, we cannot be left on our own to do it anyway. The entire rug upon which we are able to sustain ourselves, which is public performance, has been pulled from under us.

On numbers, the Arts Council, in its initial survey gathered for the first three months of Covid-19, found that 12,000 events and activities were cancelled per month around the country. This echoes those numbers the Deputy talked about in Mullingar, Westmeath and Longford. That figure for activity will also evaporate unless those centres, local arts activities and local arts funding are maintained and sustained and unless those artists can be given the opportunity to come off the PUP and to engage in full-time work again, albeit delivering that work online for the time being.

Mr. Shane Dunne: I thank Deputy Clarke. We have gone through a number of these issues already but I will touch on them again. There are practical additions to the PUP, such as rent and mortgage support, which are key to everyone working in this sector. We need to avoid people being forced onto jobseeker’s payments. These people are not jobless but currently are unable to work for a reason beyond their control. Once they end up on jobseeker’s payments we all are in agreement that we will lose them, and will lose them for good. We have touched on the rest of it already but we need some kind of a roadmap immediately, which could be the start of the event industry task force we have talked about already. We need the rest of the requests to be agreed to, namely, a break in VAT and insurance, which is a big one. This may become a national insurance that is Government-backed to cover events, because insurance companies are not going to do it. It is going to be a very difficult industry for us to operate in and this applies to everybody, both funded and non-funded activity. If we cannot get some kind of a handle on insurance, we are going to have a major problem.

Those practical additions to the supports would be great but all of the requests need to

come to fruition for this industry to come back, to strive and to develop again, as it will. We are confident it will but it needs help and support immediately. We have mentioned the end of July stimulus in order that we can get through this difficult time and come out stronger on the other side.

Ms Elaine O'Connor: I will speak from personal experience to try to give the committee the best perspective I can. I have a 15-year-old company that has won multiple awards. We specialise in the production of large-scale public events. I have 20 years' experience working in the industry but as it stands, simply put, there is no incentive to stay in business. My staff are at home and I cannot offer them any direction as to when, where or how I can offer them work. I had interns coming out of third level institutions lined up to get experience within industry but that will not happen. When I look to my clients, which include private, corporate and local authorities, no one has any direction. As it stands, when I assess the situation, I find it very hard to see any possibility of me remaining in business without supports.

Deputy Richard Boyd Barrett: I thank all our guests for a very powerful presentation. There seems to be a sympathetic ear from all members, and I hope we can discuss how the committee can put forward recommendations arising from what our guests said. The point made by the Chairman is a very good one. It is a bit baffling that for us to engage with NPHE and the Health and Safety Authority to ask the simple question of whether 50 people in a venue-----

Chairman: I apologise for interrupting, given that we are in a committee meeting and are not having a conversation, but NPHE and the Health and Safety Authority do not make laws. The outgoing Minister made the law and there is now a new Minister for Health, who has the power to change the law, annul the law or whatever.

Deputy Richard Boyd Barrett: That may be so, but I think the Government is possibly taking advice from public health authorities. It is something we could try to get the bottom of and see what the rationale is because there does not seem to be a consistent one behind that. That change would make some difference but it still would not solve the industry's problem until we get back to normal. Is that correct? The industry certainly has my support and, judging from the response, there is a great deal of support from other members. I want to commit to pushing the committee forward as much as possible on our guests' behalf.

I turn to a broader question. The arts and live entertainment are such a central part of the cultural fabric of this country and they are so beloved of everybody in the country. They are badly needed, as we have seen more than ever during this crisis even though most people know it anyway, yet it is such an overlooked sector and it is so far down the pecking order when it comes to getting support. It is a curious irony that that is the case. I hope that this meeting and our guests' campaigning, which has been fantastic, will start to remedy that, but I am curious as to why it is the case and what our guests' views are as to why that irony exists. Something that is so important and valued gets so little support and is often far down the pecking order when it comes to issues that are considered important by the political system.

Mr. Shane Dunne: I can see that Ms Dorgan is ready to go with the answer to this so I will respond quickly from our side. It has been so obvious in recent weeks and massive packages have been doled out in New Zealand, Germany and other countries. The arts in this country have been grossly underfunded for years and now, during Covid, the chickens are coming home to roost. Ms Dorgan might talk about the funded sector because she knows far more about it than I do.

From a non-funded point of view, as to why we are so overlooked, we have never previously asked. As we stated in our submission, we are entrepreneurs, innovators and small businesses. We go out there and make things happen, and we do it off our own steam. That applies from David Mongey, to Murt Whelan, who has a PA company, to Shields Mobile Stages, Cork, right up to Peter Aiken and MCD. They have done it themselves. We have never asked before. I suppose that if one does not ask, one does not get, but we are here today and we are asking because we have no choice but to do so.

Ms Angela Dorgan: I do not know the answer but I do know we are way down the European pecking order in terms of how much we invest in the arts. Our proportion of investment is between 0.1% and 0.2% of GDP while that of an average European country is 0.6% of GDP.

To make a personal observation, I can guess the arts have always sustained themselves because people who make art have to make art. Nobody makes art for profit. There is a benefit that one can make commerce from art. We have traditionally been asked by successive Governments in this country to justify the economic value of art, but nobody ever asks us to justify the esoteric and societal value of the arts. Every last one of us saw that value during the Covid pandemic. We noted the music, television and books. Events featuring some beautiful work by Irish artists were brought to life on the Internet and television. We were all gripped by Connell's necklace in "Normal People" and we watched "Ireland Performs". We are all still watching "Other Voices: Courage", and we are buoyed up, pacified and comforted by all that. One will never hear from the arts sector that the arts are not worth investing in, but the funding is still less than in 2008, when the sector was last cut. Right across the board, the sector been dying a death by a thousand cuts, yet it has still sustained itself.

We have a unique moment in time now as a society and republic to really look at ourselves in the mirror coming out of the Covid pandemic and decide what we value in society. We need to put arts at the top. Various parts of an economy need help every now and again. We in the arts should never be asked to justify the arts or answer the question "Why the arts?" just as we should not be asked to answer the questions "Why education?" or "Why health?". It should be immediately answerable. We should not really have to be coming together here in the way we are. Governments all over the world immediately responded to their arts and entertainment sectors. If we as a country value our artists as much as we say we do and as much as we sell ourselves as a country based on them, we should invest in infrastructure that sustains them. We should also invest in all the layers under the iceberg that produce the world-beating artists and events that we produce.

Chairman: I often wonder whether we value our artists or our dead artists. The dead ones are cheaper to value. I thank all the witnesses for attending and sharing their stories and testimonies. The meeting has certainly been enlightening and powerful.

The committee adjourned at 6.30 p.m. until 9.30 a.m. on Thursday, 2 July 2020.