Reboot & Reimagine

An Ibec Campaign | May 2020

Ibec
For Irish Business

Overview

Our Campaign

Ibec campaigns aim to shape a better and sustainable future for Ireland. In the context of COVID-19, providing a range of solutions that covers the enormity and breadth of a new set of challenges is at the heart of Ibec's latest campaign: Reboot & Reimagine.

This campaign outlines sets of thematic policy actions for a Reboot & Reimagine in three phases; 100 days, end of 2020, end of 2023. Business will champion and advocate for these actions and with courage and leadership from Government, this can chart not simply a recovery for society and the economy, but one which will deliver a more sustainable future for all.

Our Approach

The Reboot & Reimagine campaign aims to galvanise all stakeholders on a set of actions and aspirations to create a sustainable future for Ireland in the wake of the COVID-19 pandemic. As Ireland opens up, this campaign will evolve as a channel for business to engage with stakeholders, to influence public policy outcomes and provide a decisive framework and narrative for the future.

This publication is the foundation stone of the campaign and is the culmination of input and insight from across Ibec's membership. In its development, over 550 CEOs were surveyed, insight and priorities were collated from Ibec's policy committees, National Council and Board, and Ibec's 36 Trade Associations, sector by sector, were engaged to identify their challenges and opportunities. This is a blueprint for Ireland's reboot with a comprehensive and coordinated set of policy measures which if implemented has the potential to reimagine our society and economy. With great uncertainty ahead, the scale of the challenge to be overcome cannot be underestimated but collaboration and success in addressing the problems offers a significant opportunity for economic and societal benefit for decades to come.

This publication will form the basis of a dynamic campaign which will include further publications, events and briefings contributing to public, political and media debate in these times.

Our Aim

As the voice of Irish business, we campaign for policies that will deliver a sustainable future for Ireland. The COVID-19 pandemic presents a new paradigm, requires innovative thinking and a courageous set of actions. With the Reboot & Reimagine campaign our aim is to:

- Be the voice in the debate of rebooting and reimagining Ireland
- Provide thought leadership on lessons from the crisis and a framework to repurpose our society and economy to achieve a better future for all
- Shape the collective response from business focused on a sustainable recovery leaving no one behind
- Provide a framework to capture Government action required by policy theme and business sector

‘As societies and economies across the globe respond, Ireland has the opportunity to execute an early strategy which can address the major structural challenges from both the present and past.’

Pat McCann

CEO, Dalata Hotel Group & President of Ibec

Foreword

The COVID-19 pandemic is a truly seminal moment in our lives, posing enormous challenges to the way humanity has organised itself over recent decades. As a society, the response in Ireland has been exemplary.

We are, however, only in the first phase of the crisis. While economic dislocation has been sudden, its full impact has not yet been felt and is likely to last for years. Disruption and change are unavoidable.

Even before this crisis, Ireland was facing systemic economic and societal issues such as Brexit, climate change and the housing crisis. But history teaches us that in times of adversity there is also opportunity. In our new campaign, Reboot & Reimagine, Ibec sets out a vision and a roadmap for recovery.

Through our campaign, we want to positively influence and shape the public policy response to the greatest challenge of our lifetimes. And so, we hope you will join us in advocating for a reimagined and more sustainable Ireland.

Danny McCoy
CEO

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Key recom-mendations

1. Key recommendations

Through extensive engagement with Ibec members as well as research carried out across all sectors, firm size and type, we have formulated evidence-based recommendations for action on all policy areas and business sectors. The development of this campaign has led to hundreds of micro and macro recommendations which will be used to influence and collaborate with Government and stakeholders in a national effort on our socio-economic future.

These recommendations have all been costed (Annex 2) and combined constitute an affordable and credible plan for economic recovery.
If synchronised and phased, they will address the economic and business impact of COVID-19 as well as supporting a better Ireland by tackling the country's acute and significant challenges, including Brexit, which existed prior to this current crisis.

To Reboot & Reimagine for a better Ireland, there are six thematic areas to prioritise and which provide a framework for Ibec's key recommendations:

- **Engagement and crisis management**
- **Fiscal policy and stimulus measures**
- **Get people back to work**
- **Use the National Development Plan (NDP) review to stimulate investment**
- **Reimagine a better Ireland**
- **Seize international opportunities and respond to Brexit**

1.1 Engagement and crisis management

Establish a more extensive social dialogue model: A well-functioning social dialogue model is vital in a time of crisis and recovery in order to help build confidence and trust in public policy responses. Government needs to reset Ireland's engagement with trade unions and employers in a more structured consultation and engagement model. This will support recovery and address long-term societal issues such as climate change, social protection models, and housing and wider aspects of quality of life.

Extend the national risk assessment model to include stronger private sector role: the State should be commended on both its risk assessment prior to the crisis and the work of the National Public Health Emergency Team (NPHET) in coordinating a comprehensive whole of Government response to the crisis. However, many elements of the private sector, ranging from private health providers to a broad population of essential services businesses, are also key elements of a comprehensive national crisis response. Future crisis planning preparedness work should factor in the essential role that the private sector plays in supporting a functioning economy and society in times of national emergency. This should also be reflected in the response structures dealing with the ongoing aspects of the current crisis.

1.2 Fiscal policy and stimulus measures

Roll out a €15 billion reboot plan within the first 100 days of Government formation: Government must do whatever it takes to restore the economy and should endeavour to offset the collapse in GDP with increased public spending, tax supports and investment. It is likely that the automatic stabilisers, including enhanced welfare supports, will offset about 30% of GDP decline and the remaining 70%, or €20 billion, should be allocated through a stimulus package to be primarily delivered during 2020 and 2021. This would involve new measures of about €15 billion, in addition to supports already announced by Government. The scale of the package is both affordable and necessary and would be in line with international expert opinion and best practice.

Continue to enhance the suite of liquidity supports for business: the scale of public supports provided to address the liquidity crisis remains far behind those in most other countries and further measures such as low or zero cost loans, export credit insurance and extended state guaranteed loans are urgently required.

Write down some debts and provide cash grants to SMEs: for many businesses liquidity supports will not suffice and they will need further support such as extended write-down of commercial rates debts; enhanced direct grant payments sand State support to resolve commercial rents disputes.

Provide stimulus measures for consumers and impacted business sectors: a range of targeted stimulus measures should be provided as soon as containment measures are removed. These should include tax changes to support employee voucher benefits, additional social welfare payments, grants to aid required social distancing investments and the reintroduction and expansion of the 9% hospitality VAT rate.

Establish a Commission on Taxation: Government should immediately establish a Commission on Taxation in order to address both the immediate tax revenue challenges of the crisis and a range of other long-term issues such as environmental taxes and the sustainability of the wider tax base.

1.3 Get people back to work

Increase employment support funding through JobsPlus scheme: This scheme is a proven way to get people back to work and supports should be increased and targeted at the most impacted sectors and regions.

Ramp up support for labour market activation programmes: Building on the lessons of the last crisis, increased supports and new programmes should be provided to support jobseekers, with a focus on youth unemployment and severely impacted sectors and regions.

Reform the social welfare and social insurance systems: Long-term reform will be needed for both the social welfare and social insurance systems. We have faced two crises in just over a decade during which the social insurance model has failed to adequately support those who lost their jobs.

Increase funding for training and up-skilling and safeguard the National Training Fund (NTF): In addition to funding available through the NTF, targeted training and learning programmes will be needed for SMEs and incentives required to support industry uptake of apprenticeships.

Substantially increase funding for higher education: The wider higher education sector requires €400 million to support core, programmatic funding and infrastructure needs and to address the losses incurred as a result of the crisis. It must also see its long-term funding model put on a sustainable basis.

1.4 Stimulate investment with National Development Plan (NDP) review

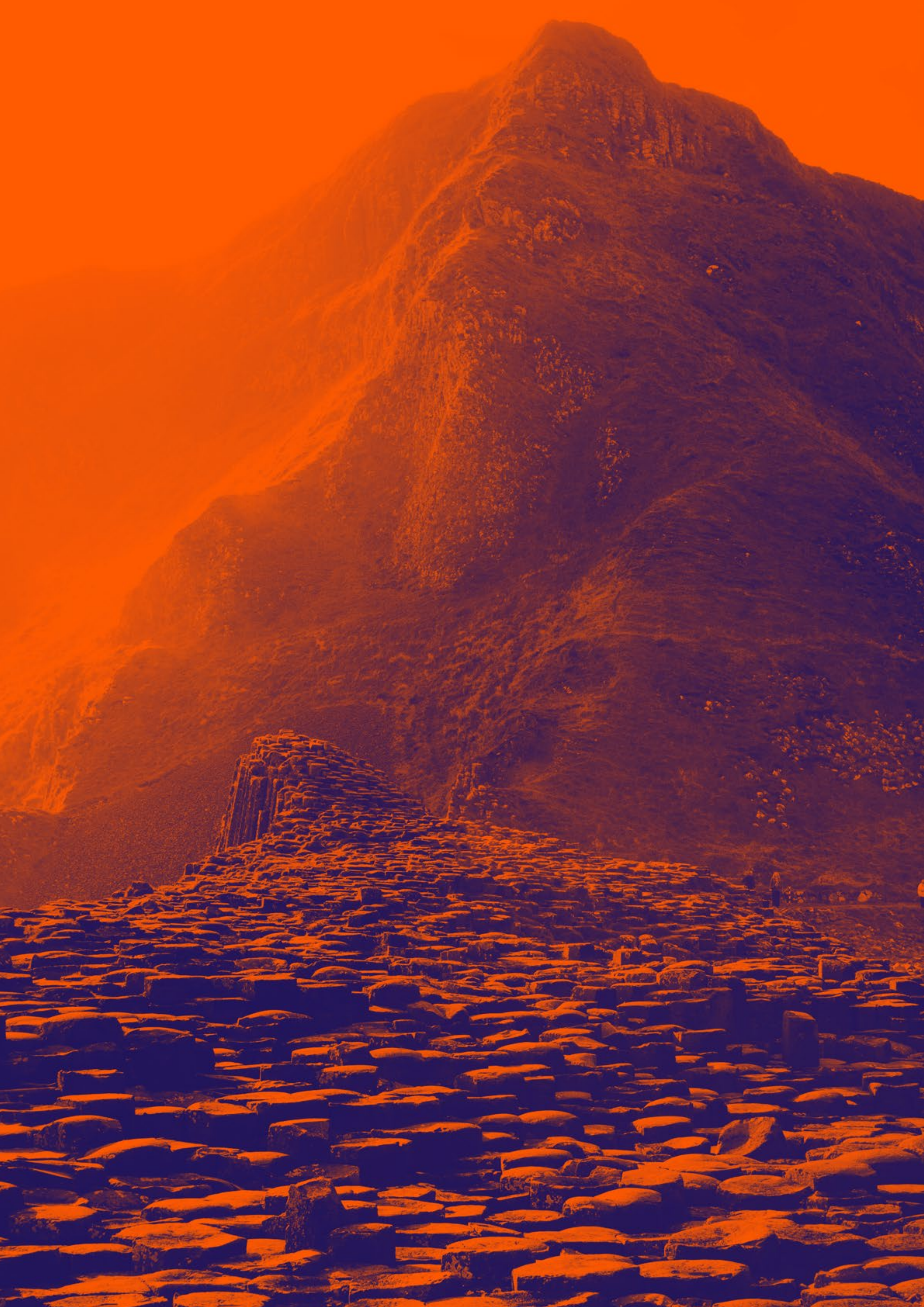
Refresh the NDP and increase its lifetime budget by €25 billion: A timely and effective review of the NDP can support a major investment stimulus across the economy and in all regions. Projects already in the pipeline can be brought forward and new projects up to a value of €25 billion (consisting of Exchequer and other financing) should be added to the existing plan. These should be climate proofed.

Deliver quality and affordable homes: Put in place a new long-term national housing strategy to deliver quality and affordable homes. Fast track the legislative passage of the Land Development Agency Bill before the end of 2020 and develop a new public procurement strategy to accelerate the delivery of social housing and support innovation by using modern construction methods.

Reduce capital project delivery timelines by 50%: Planning systems and timelines, procurement processes, and project delivery timescales need to be streamlined and improved to deliver projects rapidly and ensure that investment plans, such as the National Broadband Plan and the wider NDP, benefit the economy as quickly as possible.

Encourage non-Exchequer finance for infrastructure and publish a new Public Private Partnership (PPP) pipeline: The existing NDP is excessively reliant on Exchequer funding and fails to optimise the benefits of other financing options. The NDP review must include the publication of a new PPP pipeline to include major transport, housing, education and health projects.

Ramp up regional development investments: Our regions will be disproportionately impacted by the crisis and will need targeted interventions. The National Planning Framework should be fully delivered to support regional investment and a new €200 million annual town growth fund should be rolled out to support the revitalisation of town centres. Funding for urban and rural regeneration should also be accelerated.



1.5 Reimagine a better Ireland

Support remote working: A combination of tax relief and other supports should be put in place in order to incentivise greater levels of home and remote working. This will have many environmental, social, regional development, and quality of life benefits.

Develop a social progress indicator model to measure national well-being: As we work towards building a better Ireland, the role of housing; infrastructure; public services; and the environment will have a greater impact on quality of life and well-being. Ireland should and can be a global leader in seeking to supplement measures of economic prosperity with a wider social progress indicator model.

Improve quality and deliver greater funding for childcare: The Early Learning and Care Services (ELC) needs to be put on a sustainable funding footing and requires a more effective and streamlined inspectorate model. These changes are essential in order to deliver a higher quality childcare service.

Prioritise and resource the digital opportunity: The crisis has demonstrated the importance of the digital economy and the potential opportunities it holds for economic recovery. A whole of Government approach, led by a new Minister for Digital Affairs, should prioritise cybersecurity, digital innovation, adoption of digital in education and public services, and include adequately resourced digital and AI roadmaps.

Step up our sustainability ambition: The Climate Action Bill should be adopted immediately by the new Government and it should work with social partners to build consensus for an ambitious, cost-effective and equitable emissions reduction pathway. Through a new Circular Economy Action Plan Ireland should aim to become a world leader in resource efficiency and innovative value creation.

Roll out an ambitious national deep retrofit programme: Deploy a new delivery and financing model, increase annual funding to €600m, and use the recovery phase to begin upgrading large sections of our building stock to B1 and A BER ratings.

1.6 Seize international opportunities and respond to Brexit

Advocate for open and progressive EU policies: The EU must ensure that full free movement of goods, services and labour is restored as quickly as possible, including implementation of 'Green Lanes' to support supply chains. Further developing the EU Single Market, particularly for digital and other services, will be important to boost economic recovery.

Ensure flexibility in EU rules to support recovery: This should include revisions to the EU fiscal rules in order to support investment and ongoing flexibility in the EU State Aid rules in order to facilitate targeted sectoral recovery plans.

Leveraging EU funding sources to finance recovery and growth: Government must ensure business has clear pathways to the supports available through the European Investment Bank (EIB) and other funding sources.

Promote internationalisation and the benefits of free trade in a post-Brexit context: The crisis has intensified the risks of deglobalisation, and Ireland must advocate stronger than ever for the benefits of strong and open trade relationships with the UK, US and other trading partners. Key priorities must be a successful conclusion to negotiations on a Future EU-UK relationship and removing tariffs imposed on transatlantic trade.

Protect and develop the all-island economy: The Northern Ireland Protocol must be effectively implemented with detailed business consultation. All-island infrastructure and connectivity should be prioritised and coordinated in the recovery and investment plans across the two jurisdictions. Our post-Brexit relationship with the UK must facilitate both North-South and East-West trade.

2

CEOs’ insights & findings

The nature of the COVID-19 crisis has put business in uncharted territory. Economic and business uncertainty combined with human resource challenges require high levels of flexibility on the part of business not simply to survive but to innovate. To understand how business in Ireland has responded to the crisis in the short-term and to explore longer-term impact, Ibec conducted a comprehensive leaders' survey of its membership. Engagement was exceptionally strong with over 550 CEO's responding to the survey from across business as well as from education and voluntary organisations.

2.1 Key Ibec CEO member insights & findings

Almost three quarters of respondents (72%) expect to return to pre-COVID-19 levels of demand within a year after restrictions end. Lay-offs or short-time working for employees was the most common action undertaken by organisations as a result of COVID-19 (44%). A similar proportion (41%) had reduced production levels as a result of the COVID-19 crisis. Just under one in five (18%) had temporarily closed and around one in ten (11%) had implemented redundancies. On a positive note, around one in ten (12%) increased production of some of their existing products. A similar proportion (9%) expanded their production levels during this time.

Respondents in general were expecting substantial decreases in turnover (59%) and profitability (60%). When slight decreases are taken into account the figures are even more stark with 81% expecting turnover to decrease and 82% expecting some level of decrease in profitability. Almost half (48%) expect some decreases in employee numbers with substantial decreases in staffing levels expected in around one in ten organisations (10%).

Around a third (35%) expected their order books to decrease substantially, and 42% expected a significant decrease in domestic sales over the next 12 months. Just over one in ten (13%) organisations expected to implement a pay cut for employees. In most cases the percentage pay cut had not yet been decided or may come in the form of reduced hours. (Recent Ibec Survey of over 300 HR Directors). Deferred tax or rates bills (50%), direct cash grants (45%) and rates bills write-downs (44%) were the top three supports identified by respondent businesses.

Use of remote working (73%), flexible working (56%), changes to physical workspaces (61%), as well as employees' changed approach to work life balance (46%), are all identified as key long-term implications of this crisis for business in general. Over two out of five organisations expect to increase their investment in technology over the longer term, while around a third (31%) expect a heightened focus on online sales/ services in the future.

Around a quarter of respondents (27%) expect a different model for their business over the longer term, with one in ten (10%) looking at shorter supply chains or having a more local focus for their business. The possible move to more online sales (31%), coupled with greater use of remote working (73%) and increased investment in technology (42%) point to a more virtual way of conducting at least some aspects of business into the future.

2.2 Profile of respondents

A total of 552 organisations responded to the survey. These organisations came from a range of business types and sizes. Just over a quarter of respondents (26%) were classified as 'other services' which contains a wide range of service activities, including for example, hairdressing, employment agencies, recruitment, representative bodies, repair businesses etc.

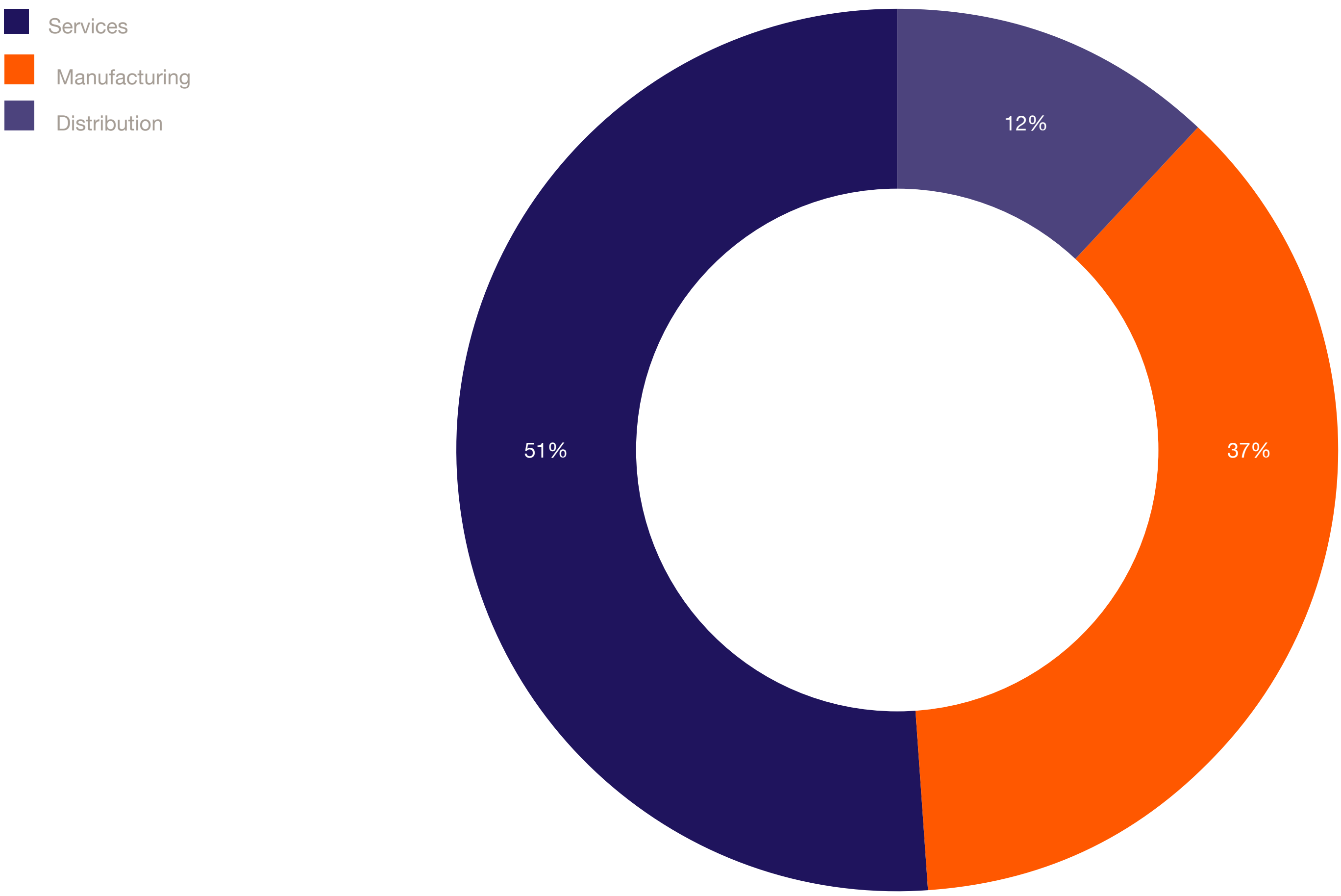


Figure 2.1: Profile of respondents by sector

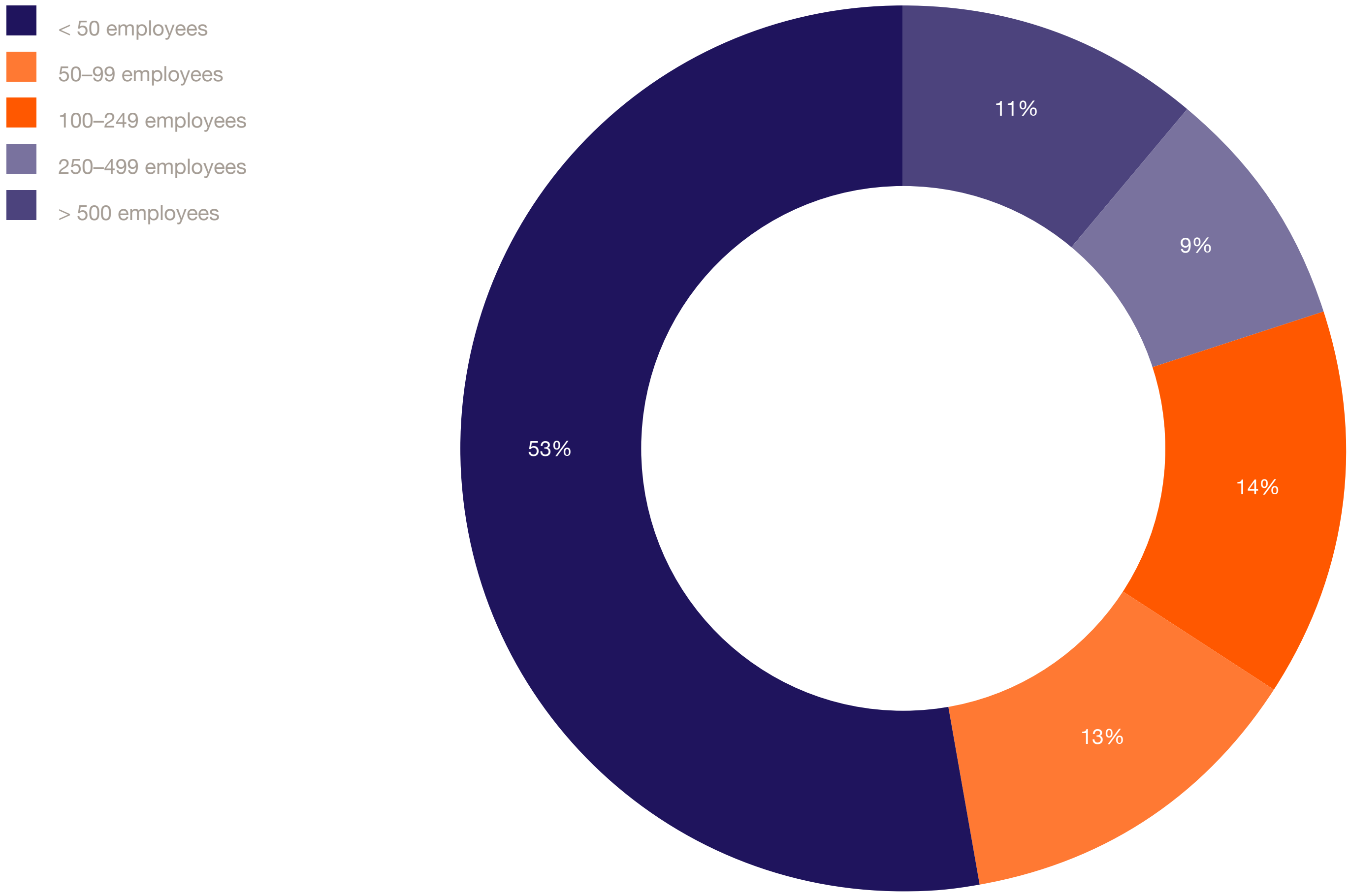


Figure 2.2: Profile of respondents by company size

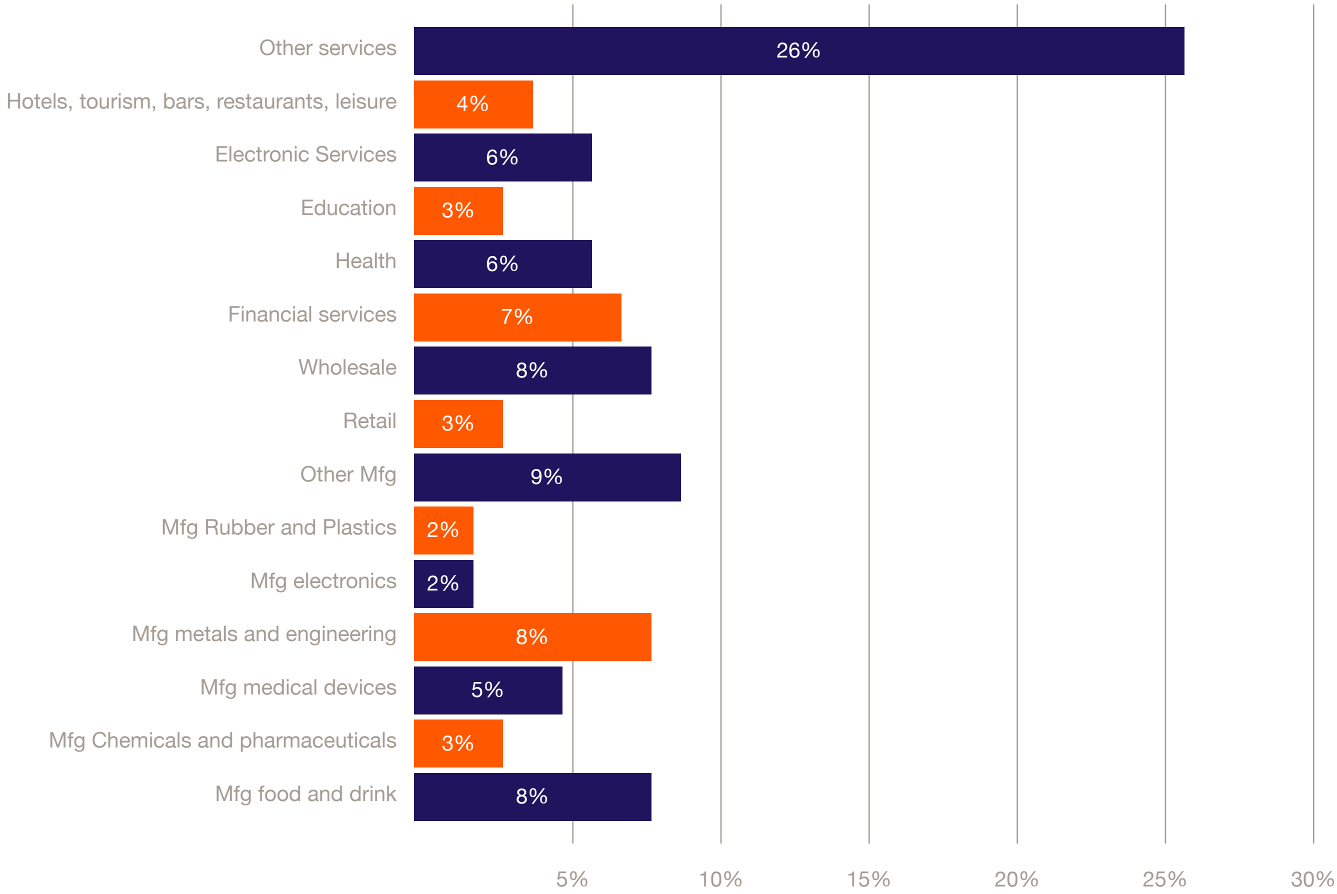


Figure 2.3: Profile of respondents by activity

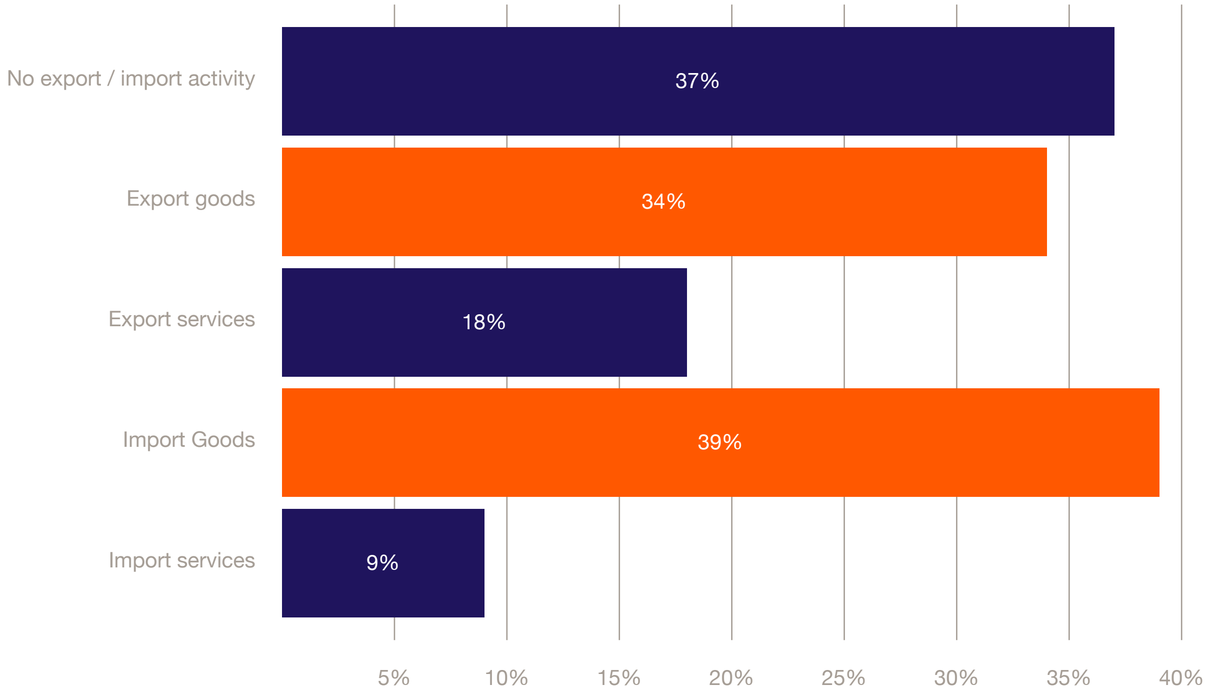


Figure 2.4: Profile of respondents by export/import activity

2.3 Business reaction

A wide range of actions have been taken by businesses as a result of the crisis. Some businesses have been able to make relatively minor adjustments and continue as usual, while some have had to implement major restructuring in order to survive. Some of the main actions that were possible for business have been explored in this survey.

Lay-offs or short-time working for employees was the most common action undertaken by organisations in this period. Around two out of five organisations had implemented either lay-offs or short-time working arrangements. A similar proportion (41%) had reduced production levels. Just under one in five (18%) had temporarily closed. Around one in ten (11%) had implemented redundancies. On a positive note, around one in ten (12%) had increased production of some of their existing products. A similar proportion (9%) had expanded their production levels during this time. The following sets out the full details.

The impact of food safety requirements—packaging—and how this conflicts with a sustainability agenda needs to be understood.

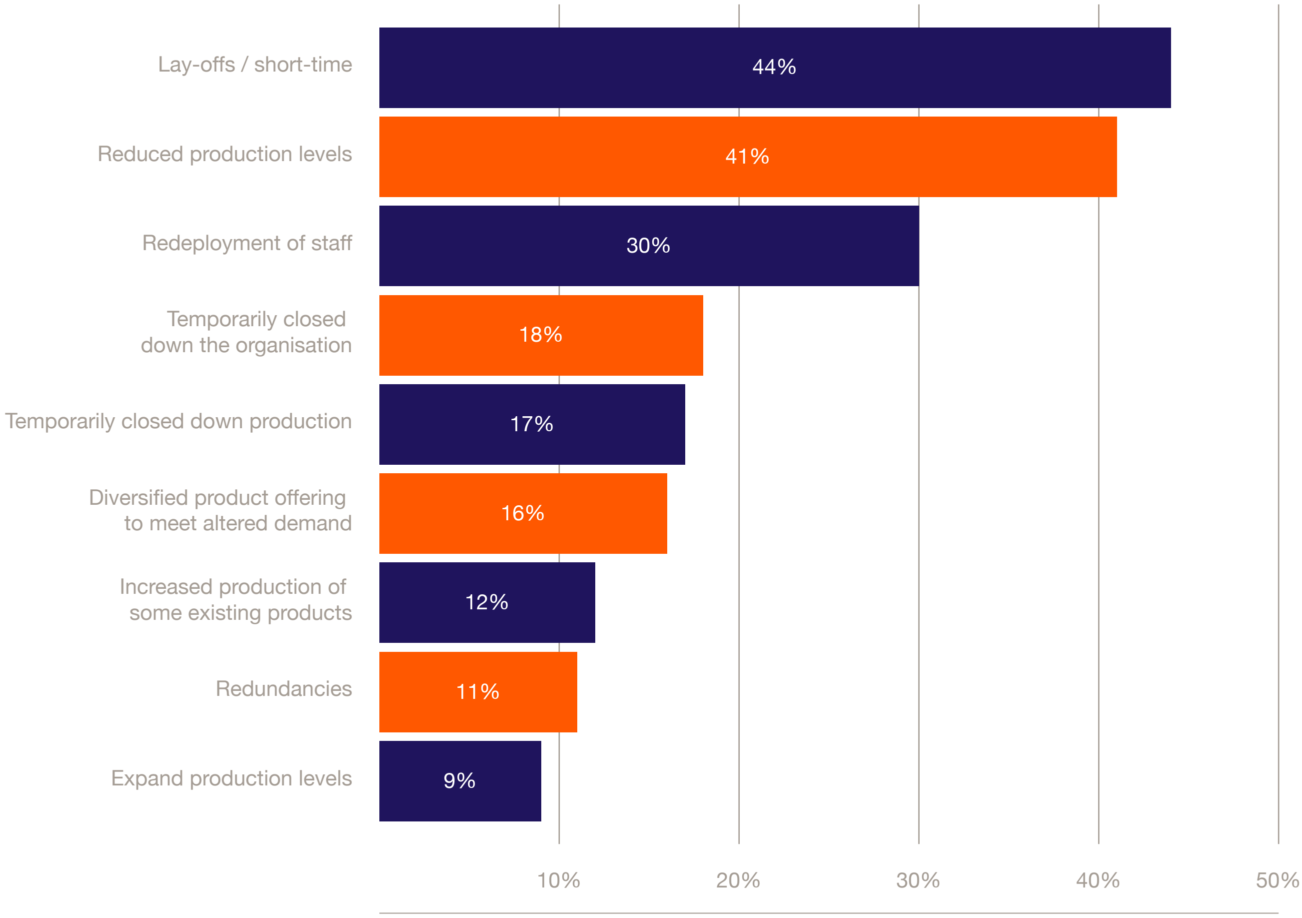


Figure 2.5: In relation to your business currently, have you experienced/had to implement any of the following?

There was little variation by company size on any of the measures, except for redeployment of staff which was more prevalent (41%) in organisations with over 250 employees, compared with 27% of organisations with fewer than 250 staff.

A recent Ibec survey of HR Directors on measures as a result of the COVID-19 crisis, found that just over one in ten (13%) expected to implement a pay cut for employees. In most cases the percentage pay cut had not yet been decided or may come in the form of reduced hours.

2.4 Recovery

Almost three quarters of respondents (72%) expect to return to pre COVID-19 levels of demand within a year after restrictions end. Around one in five (22%) expect to return to these levels within three months of the end of restrictions. A small proportion (8%) of respondents are currently exceeding pre COVID-19 demand levels. Similarly, a small group (3%) do not expect to ever return to pre COVID-19 levels.

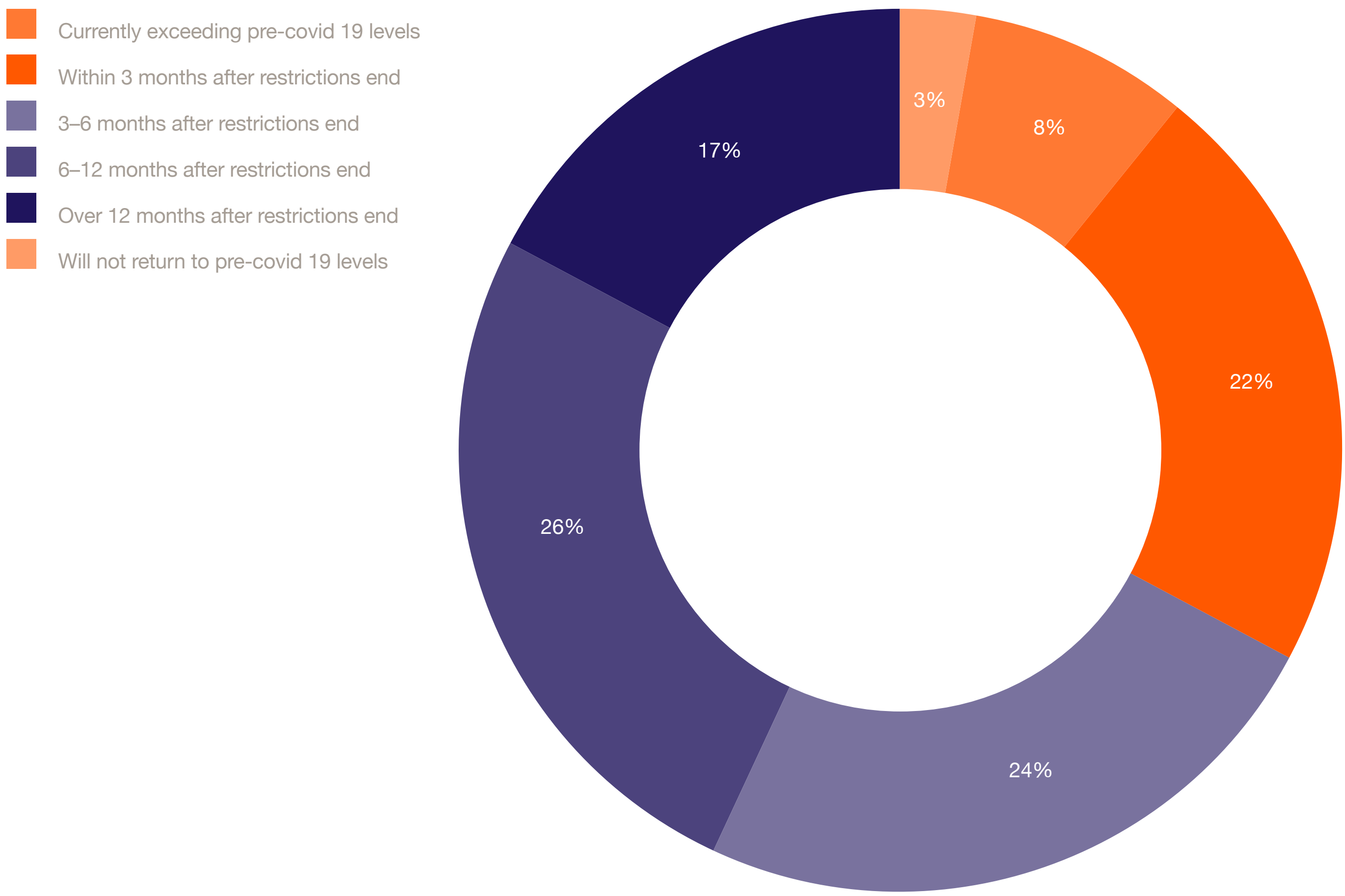


Figure 2.6: When do you think your organisation will return to pre-covid19 demand levels?

2.5 Impact by end 2020

Companies were asked to identify the likely impact on a wide range of items by year end. Respondents in general were expecting substantial decreases in turnover (59%) and profitability (60%). When slight decreases are taken into account the figures are even more stark with 81% expecting turnover to decrease and 82% expecting some level of decrease in profitability.

Almost half (48%) expect some decreases in employee numbers but substantial decreases in staffing levels were expected in around one in ten organisations (10%). Four out of ten organisations expected to maintain their current employee levels, and 45% expected to maintain their current selling prices. Around a third (35%) expected their order books to decrease substantially, and 42% expected a significant decrease in domestic sales over the next 12 months.

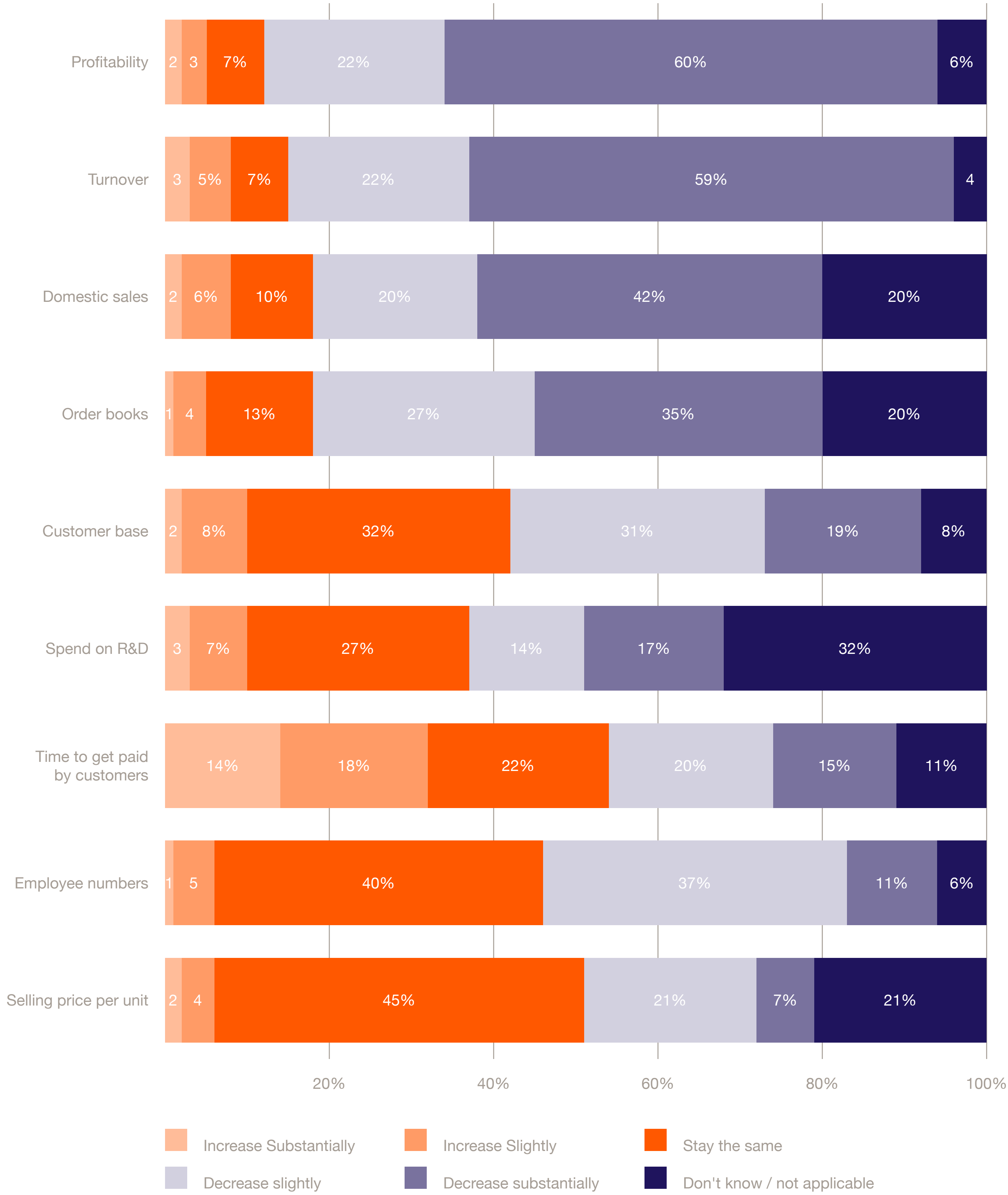


Figure 2.7: Please indicate the likely impact on each of these areas for your organisation by year end

2.6 Cash reserves

Companies were asked the number of months they could stay open using their existing cash reserves. In three quarters of the respondent companies cash reserves would not extend beyond 6 months.

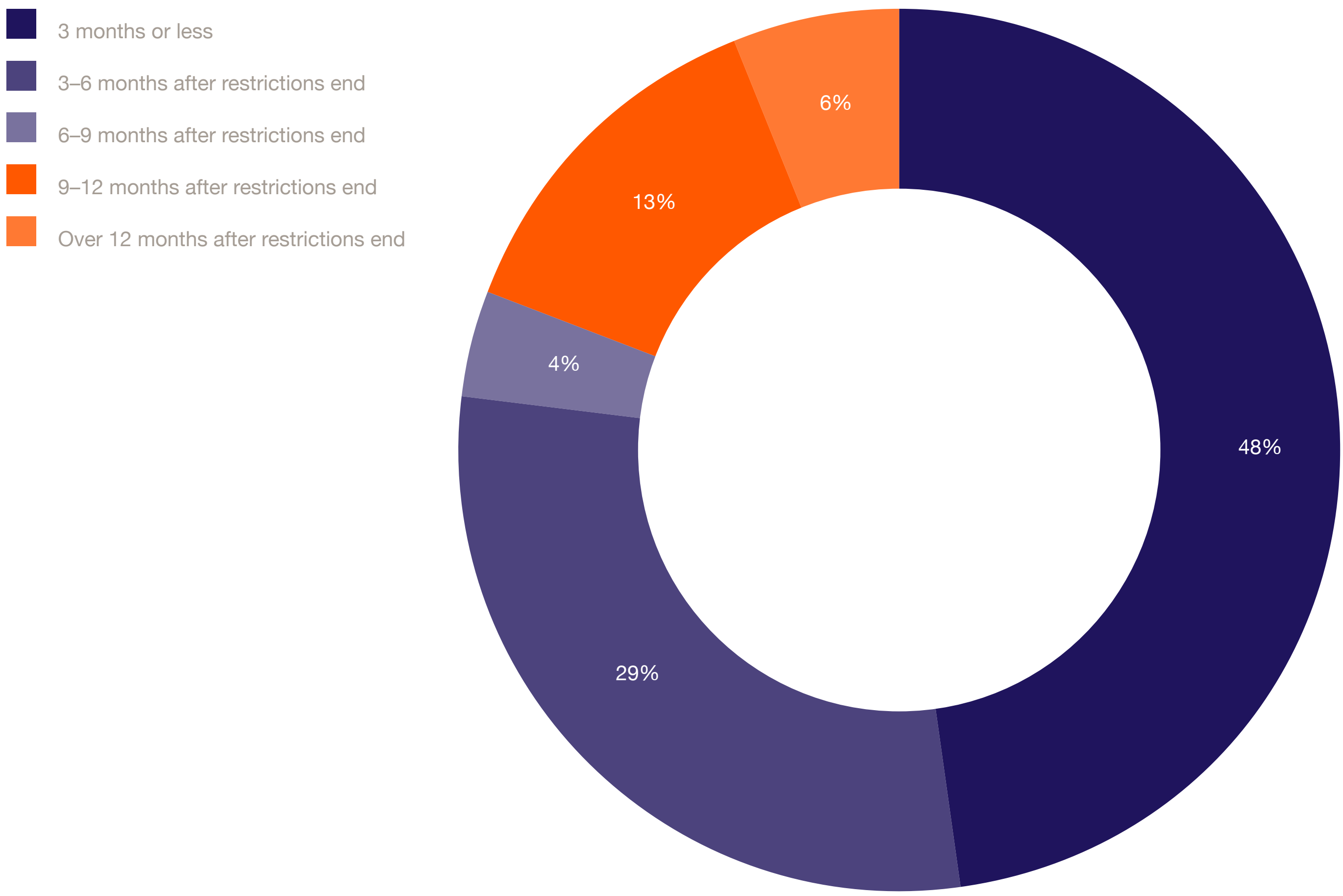


Figure 2.8: How many months could your business stay open using existing cash reserves, with no revenue?

An examination by company size shows that larger companies are more likely to last longer on their existing cash reserves than smaller companies. Some 81% of companies with fewer than 50 employees have reserves of 6 months or less, compared with 64% of companies with over 500 employees. Further, the proportion of smaller companies (5%) with reserves of longer than a year is almost half that of organisations with over 500 employees. One in four of those with over 500 employees have cash reserves of between 9-12 months (24%), compared with one in ten small companies (i.e. those with <50 employees).

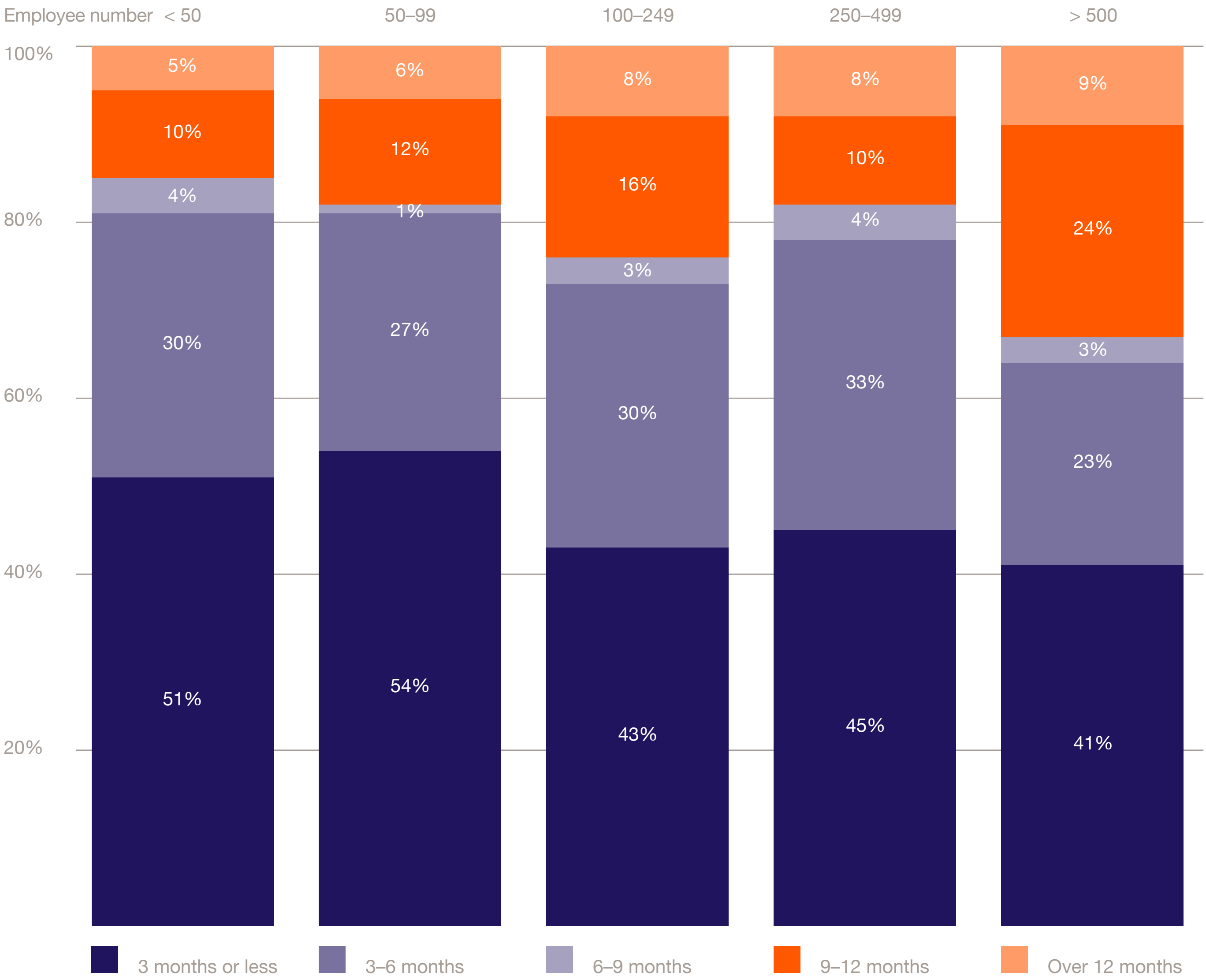


Figure 2.9: How many months could your business stay open using existing cash reserves, with no revenue?

2.7 Small vs large

Some of the effects of the COVID-19 crisis will impact differently depending on company size. In particular, turnover is much more likely to decrease substantially in smaller companies i.e. those with fewer than 50 employees than in larger companies with over 500 employees. Profitability impacts are much more likely to be at relatively similar levels for all company sizes.

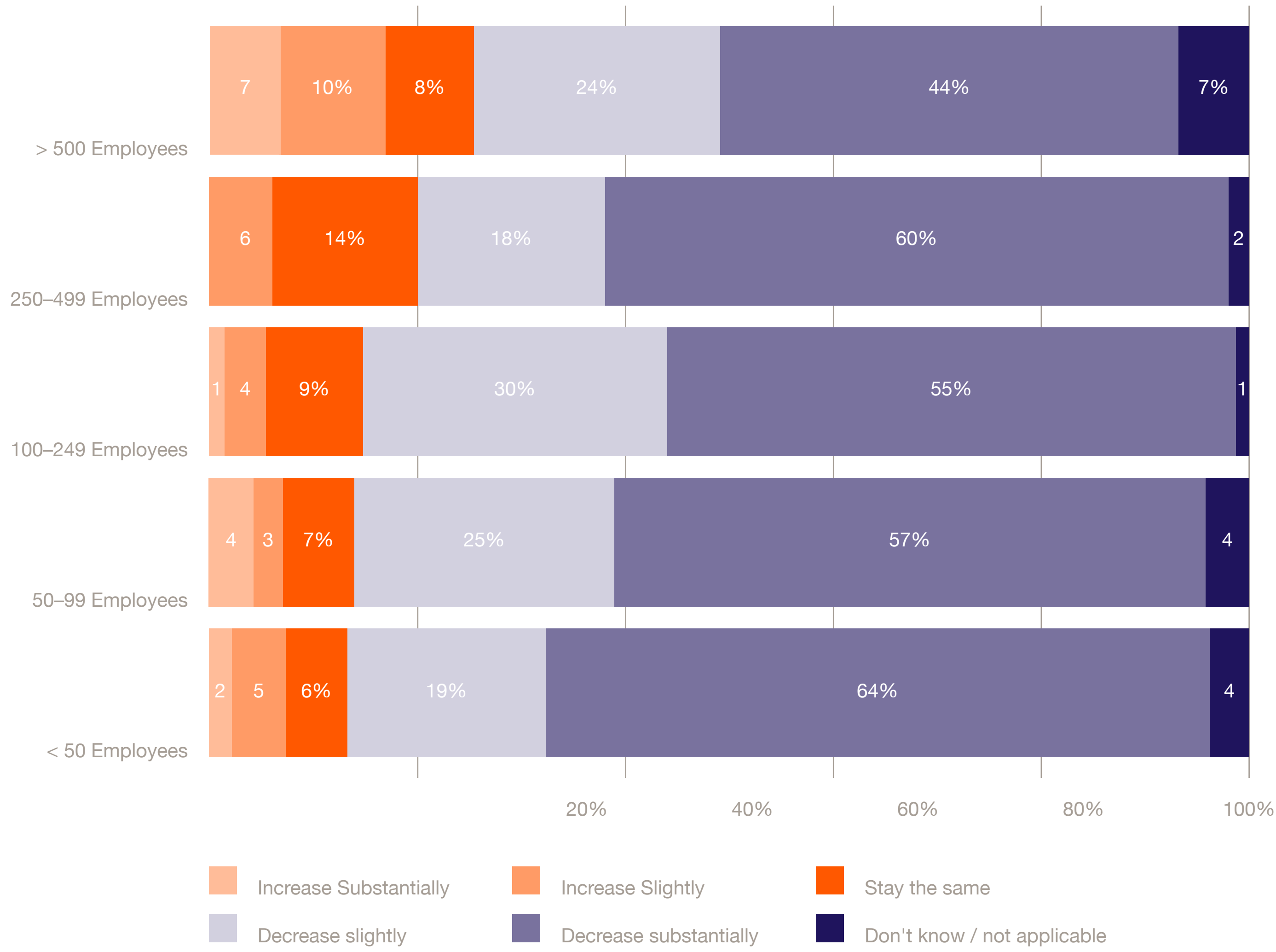


Figure 2.10: Likely impact on turnover by year end

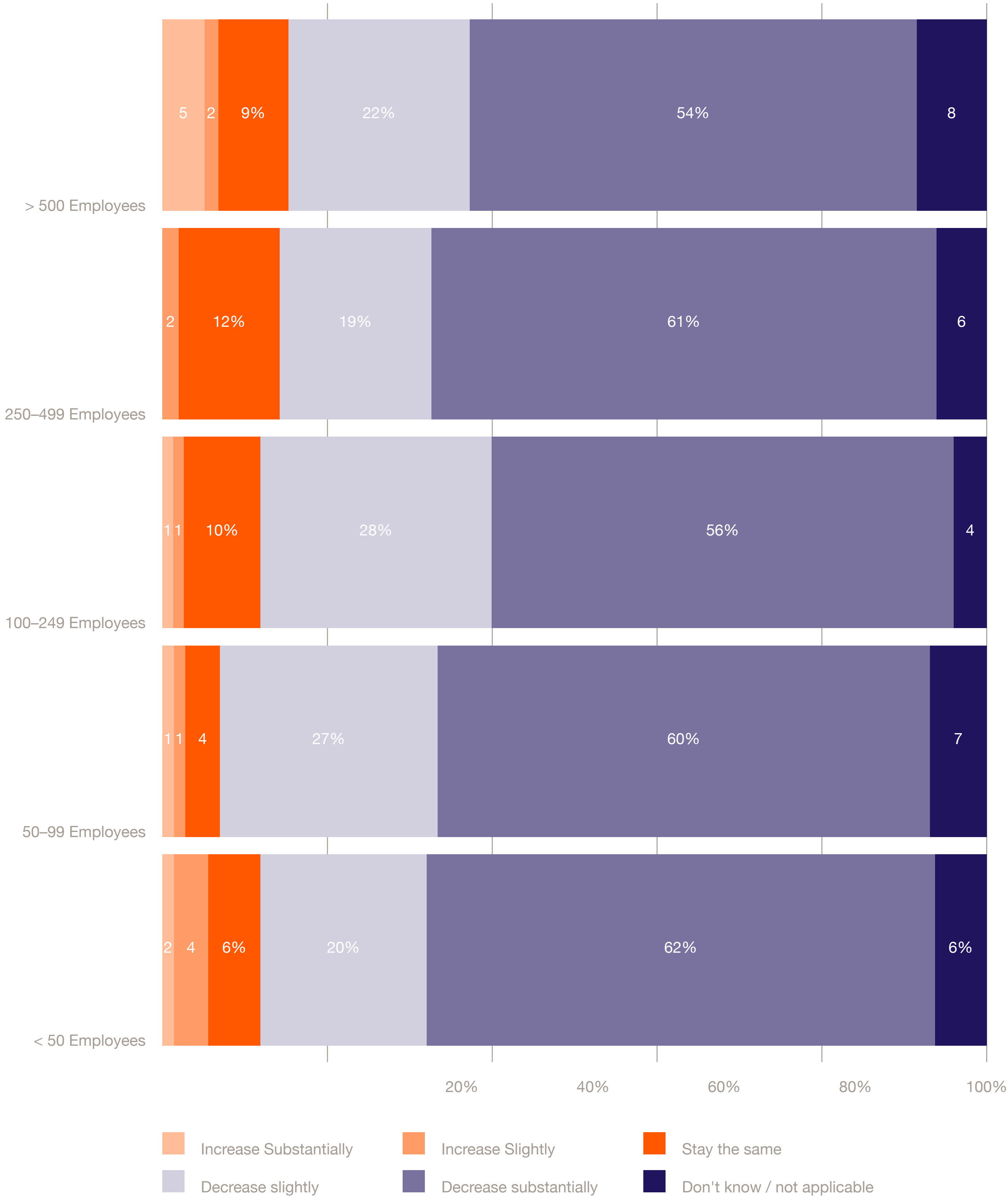


Figure 2.11: Likely impact on profitability by year end

2.8 Exports/Imports by end of 2020

A total of 263 respondent organisations were engaged in the export of either goods or services. By year end, over two out of five of these exporting organisations expect their exports to decrease substantially with an additional 27% expecting a slight decrease. The following table sets out the details.

Exports by end of 2020
exporting companies only

Amount	Number of organisations	% of organisations
Increase substantially	6	2
Increase slightly	16	6
Stay the same	37	14
Decrease slightly	69	26
Decrease substantially	107	41
Not applicable	28	11
Total	**263**	**100**

Regarding imports, a total of 238 respondent organisations were currently engaged in importing goods and/or services. Around two thirds of organisations that currently import (68%) expect their imports to decrease over the period to year end, with slightly over half of these organisations expecting a substantial decrease (36%).

Imports end of 2020
importing companies only

Amount	Number of organisations	% of organisations
Increase substantially	4	2
Increase slightly	16	7
Stay the same	32	13
Decrease slightly	75	32
Decrease substantially	85	36
Not applicable	26	11
Total	**238**	**100**

Going forward: less office space, more working from home.

2.9 Longer term impact

Many companies will face changes in how their business is conducted over the coming years. The degree to which working flexibly or remotely has become standard business practice throughout the COVID-19 crisis is evident. The ongoing use of remote working (73%), flexible working (56%), changes to physical workspaces (61%), as well as employees' changed approach to work life balance (46%), are all identified as key long-term implications of this crisis for business in general. Over two out of five organisations expect to increase their investment in technology over the longer term, while around a third (31%) expect a heightened focus on online sales/services in the future.

How business is conducted is likely to be transformed in many companies following this crisis, as business models, supply chains, and employee contracts, for example, come under scrutiny. Around a quarter of respondents (27%) expect a different model for their business over the longer term, with one in ten (10%) looking at shorter supply chains or having a more local focus for their business. The possible move to more online sales (31%), coupled with greater use of remote working (73%) and increased investment in technology (42%) point to a more virtual way of conducting at least some aspects of business.

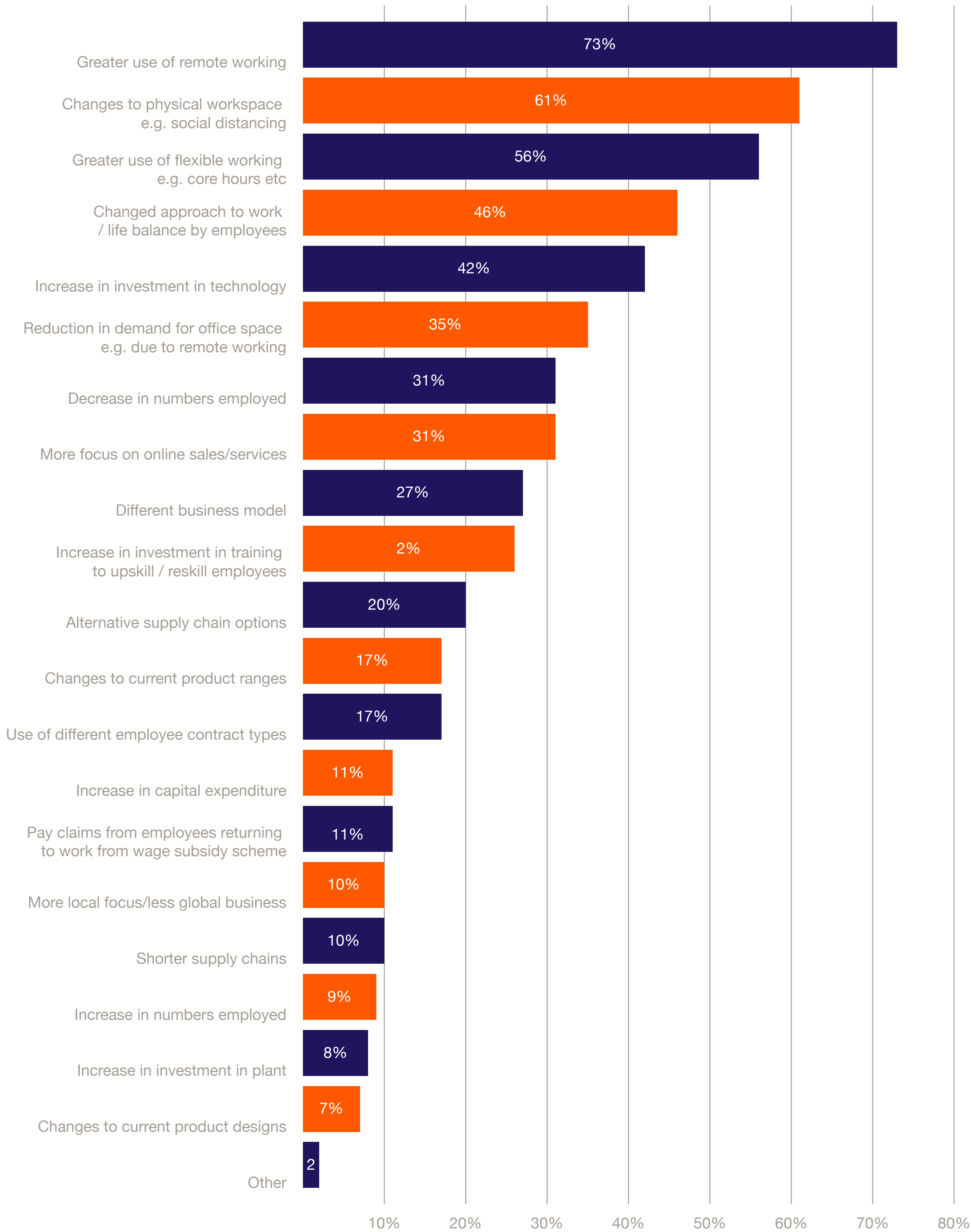
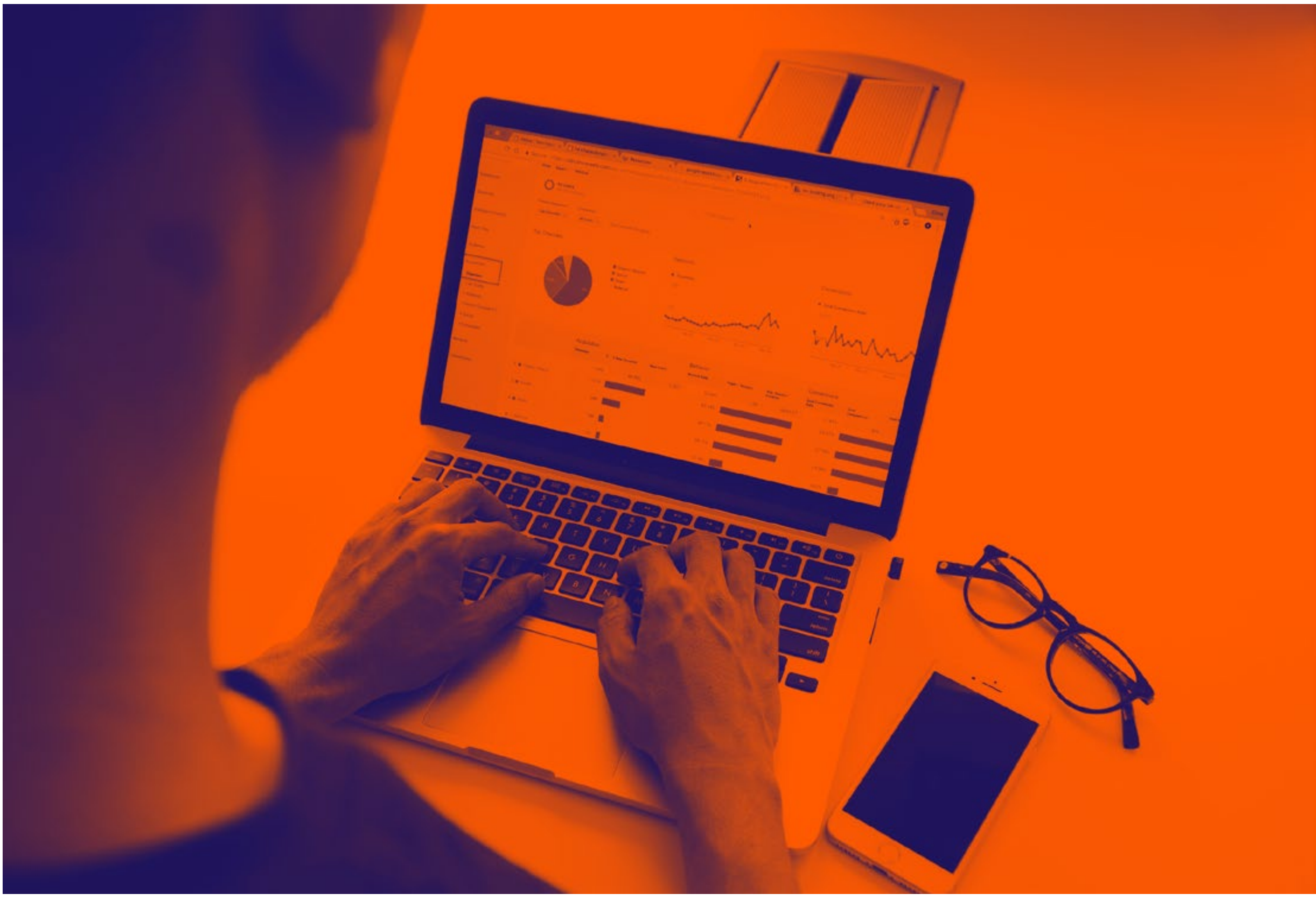


Figure 2.12: Do you expect any of the following long-term impacts of the covid19 crisis in your organisation, i.e. over the next 3 years?

2.10 Supports required

This crisis is unprecedented both in terms of scale and cost. If companies are to retain jobs, which it is clear from our research is a priority for organisations, even where profitability and turnover are severely adversely impacted, some supports will be required. Our survey asked organisations to indicate the suitability of a range of supports for their business. Deferred tax or rates bills (50%), direct cash grants (45%) and rates bills write-offs (44%) were the top three supports identified by respondent businesses.

*Other supports mentioned included: Grants to support specific sectors, e.g. hospitality; Technology upgrade grants; Supports to pay wages/deferred compensation arrangements; Early return; Support on rent payments, among others.



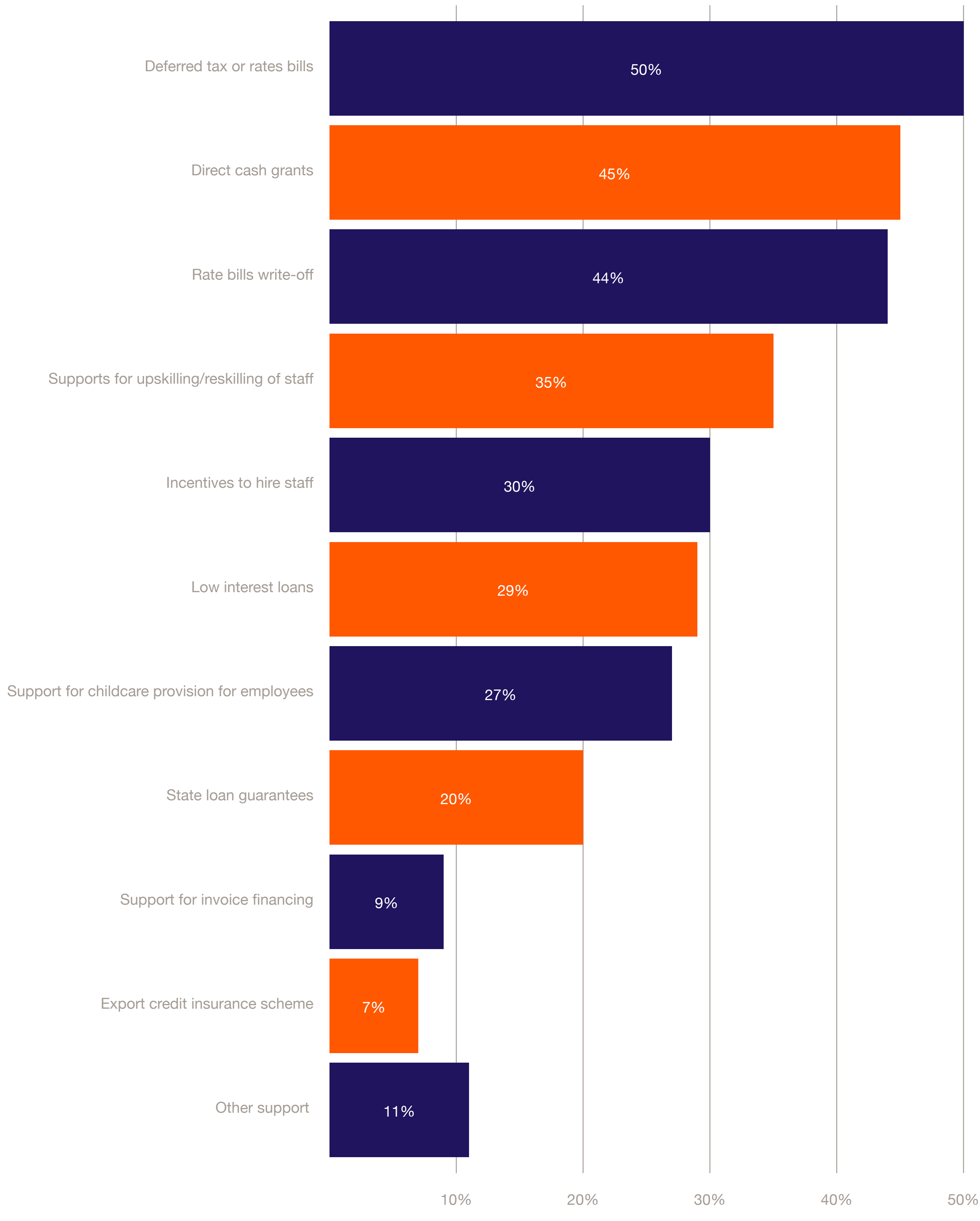


Figure 2.13: What supports would be most useful to your organisation in returning to business as usual, post covid19?

Indigenous medium-sized companies will need access to significant long-term and low-cost financing to cover business sustainability.

2.11 Conclusion

Ibec's research points to a very significant impact on business both in the short and longer term, particularly as businesses emerge from the current scenario. It is difficult to predict the ultimate outcomes, at this stage, of such an unprecedented and evolving crisis. However, it is clear that organisations are prepared for significant change. Not only are changes expected in how business is done, with a greater focus on remote working, online sales, and technology, but in many cases the very basis of the business model requires reinvention to secure organisations' survival.

Ibec research also shows that members, regardless of size or sector, are expecting a major impact on turnover and profitability at least in the short-term, however, despite this, the resilience of business is clear as many expect to reach pre-pandemic demand levels within a year of the easing of restrictions. It is also clear that companies' experiences vary, with some achieving positive impacts in the crisis such as expanded production levels for some or all their products during this time or are already exceeding their organisation's pre-pandemic level of demand. However, for those that are significantly adversely affected, and there are many, a key element will be providing sufficient, appropriate, and timely supports to assist recovery.

3

Policy action

Policy action

Through Ibec policy committees, which are chaired and populated by business leaders in membership, recommendations for this campaign have been developed. This chapter sets out a multi-step approach to achieving sustainability for both society and economy across a number of policy themes. It outlines a three phased approach to recommendations on the following policy areas:

- Budgeting, stimulus and support initiatives
- Boosting employment and employability
- Investing for socio-economic sustainability
- Reimagining ways of living, working and doing business
- EU and International opportunities and priorities

The early phases of recommendations involve rebooting the economy after a precipitous fall and include a focus on stimulus and employment measures as set out in our roadmap. Bold investment decisions are required and policy innovation is urgent to allow for planning beyond the crisis by positively reimagining our future. It is already clear that the global pandemic will result in permanent changes to business and society. New policies will be required to respond to these changes.

Fiscal policy & stimulus measures 3.1

3.1 Fiscal policy and stimulus measures

The significant negative impact of COVID-19 on the economy will be reflected in the Government finances. The deficit will hit double digits, as a percentage of GDP, in 2020. Far from being a negative, this will be a sign that Government has done the right thing. In a world where Central Banks are committed to keeping financing costs low, we should do whatever it takes to combat the economic crisis.

In the longer term, a recovering economy will help to deliver a return to a balanced current budget and expenditures on cyclical items will fall and tax revenues will recover. When it comes to capital spending, we must make this the first crisis in a generation where we continue to invest in projects, rather than retrench, as the crisis hits.

A return to fiscal health will take several years and should not be rushed. But it should not prevent us from planning for the future after the pandemic. We must learn the lessons of the last decade and have confidence in the economy's capacity to recover and grow.

3.1.1 The impact of COVID-19 and the way things are now

A significant part of the expected government deficit for 2020 is linked to temporary policy measures and falling tax revenues. Some 85% of the Exchequer funding for additional policy measures committed to combat COVID-19 is linked to additional health spending and income supports which apply solely to the duration of the crisis and should wind down quickly as life returns to normal. The quicker the economy recovers over the coming years the quicker measures will become unnecessary and a normal fiscal path restored. The Government has already made fiscal commitments which are extraordinary in ordinary times. But these are far from ordinary times. Further significant measures will need to be taken over the coming months in order to ensure balance sheet and liquidity issues do not impact on the speed of the recovery.

The State has introduced measures which in total will be equivalent to 3.9% of GDP. These measures include business supports which, when leveraged by private finance and before they are repaid, induce liquidity worth an additional 2.2% of national income to support the Irish economy. Even assuming some significant long-term default rates over the coming years these measures are likely to cost the Exchequer in the region of 0.5% of GDP. This has supplemented Exchequer spending on income and health supports of around 1.8% of national income. The average scale of national direct fiscal measures (excluding health measures) is 7.1% of GDP across developed countries. Many of these direct measures have been supplemented by large scale public loan schemes and guarantees.

As recently outlined by the IMF in their ‘Fiscal Monitor’ publication - the full cost of most budgetary “above-the-line” measures, such as additional health spending, income supports, and direct grants will add to the debt and deficit in the short term (minus the economy return on those policy measures). However, their impact on the deficit will fade as the crisis winds down and some, such as tax deferrals will only have a temporary impact because they will be repaid in the future.

On the other hand, “below-the-line” policy measures such as loan guarantees or equity create both assets and liabilities for the Exchequer balance sheet but do not immediately add to the deficit. If repaid in full the Exchequer will extend liquidity to the economy without incurring a long-term cost on either the debt or deficit. For schemes, like the SBCI Covid loan schemes, the only Government outgoing is the sum they invested in the scheme in order to leverage private finance on better than market terms (for the Covid lending scheme this amounts to tens of millions to leverage €450 million in additional funding). Assuming, a level of default of 5% on equity investments and 15% on guarantees through SBCI we show that while the total leveraged finance supported by Government schemes introduced thus far is around €7 billion (2.2% of GDP) the total Exchequer cost is likely to be around €1.3 billion or 0.4% of GDP. The design of expanded schemes if optimal, can provide significant liquidity to business.

We believe that the economic and fiscal reaction to the crisis must match the scale of the downturn. For every point lost off GDP the State should expand the primary deficit by the same amount. About one third of this deficit will be driven by automatic stabilisers. We believe policy measures should make up the rest. Given the economy is on-track to contract by over 10% this year the Government should commit to stimulus measures worth around 7% of GDP or just over €20 billion in Exchequer spending over 2020 and 2021. The total Exchequer cost of business and household supports so far is just over €5 billion. We believe the additional stimulus to the economy, to help it recover from the crisis, should be in the region of €15 billion

	Liquidity to the economy/health system/repayments	Exchequer cost	Leveraged funding from on-lenders	Repaid in future
SBCI Brexit/Covid schemes expansion	450	40	410	—
Sustaining enterprise fund	180	180	—	—
Restart grant	250	250	—	—
Pandemic Stabilisation and Recovery Fund (assume 5% loss)	2,000	100	—	1,900
Credit guarantee scheme (assumed 15% NPL)	2,000	200	1,800	—
Tax 'Warehousing' (assume 15% NPL)	2,000	300	—	1,700
Commercial rates waiverschemes expansion	250	250	—	—
Covid online retail scheme	2	2	—	—
Microfinance loan scheme	20	—	—	20
Total business supports	**7,152**	**1,322**	**2,210**	**3,620**
Health spending	2,000	2,000	—	—
Income supports for households	3,860	3,860	—	—
Total household income and health supports	**5,860**	**5,860**	—	—
Total, nominal €	**13,012**	**7,182**	**2,210**	**3,620**
Total, % of GDP	3.9%	2.2%	0.7%	1.1%
Business supports, % of GDP	2.2%	0.4%	0.7%	1.1%
Household and health supports, % of GDP	1.8%	1.8%	0.0%	0.0%
Lost tax revenue in 2020		16,125	—	—
Total including lost tax revenue, % of GDP	—	7.1%	—	—

Table 1: Measures already introduced (€ million)

3.1.2 Phased policy actions for fiscal policy

Phase 1 actions required in the next 100 days

1. **Government must do whatever it takes to offset the significant economic shock of COVID-19:** For every percentage point lost in growth in 2020 and 2021 the State should expand its primary deficit in kind.

2. **Substantially increase and improve measures to address the liquidity crisis:** A further large-scale bridging liquidity package will be needed to keep firms functioning through the remaining months of the COVID-19 containment measures.

3. **Implement an immediate reboot package for the economy:** This must include measures aimed at consumer confidence, business investment, and returning the worst impacted sectors to normality. It should be set out on a multi-annual basis for fiscal years through to 2022 in order to support sectors which will take time to recover.

4. **Allocate a further €15 billion to the reboot package:** For every one percent in output lost due to the crisis over those years, tax revenues and unemployment payment changes will account for 0.3% of GDP. On top of this, another 0.7% of GDP should be spent on discretionary fiscal measures aimed at offsetting the economic impacts of the crisis.

   For example, if the total loss of GDP in 2020 amounts to 10%, then the total cost of lost revenue and higher unemployment spending would amount to 3% of GDP and the total of other discretionary policy measures should amount to 7% of GDP.

5. **Accelerate public capital spending:** Learn lessons from the last crises by committing to maintaining and bringing forward capital budgets in the coming years where projects are suitable. This will ensure that bottlenecks do not emerge as the economy recovers.

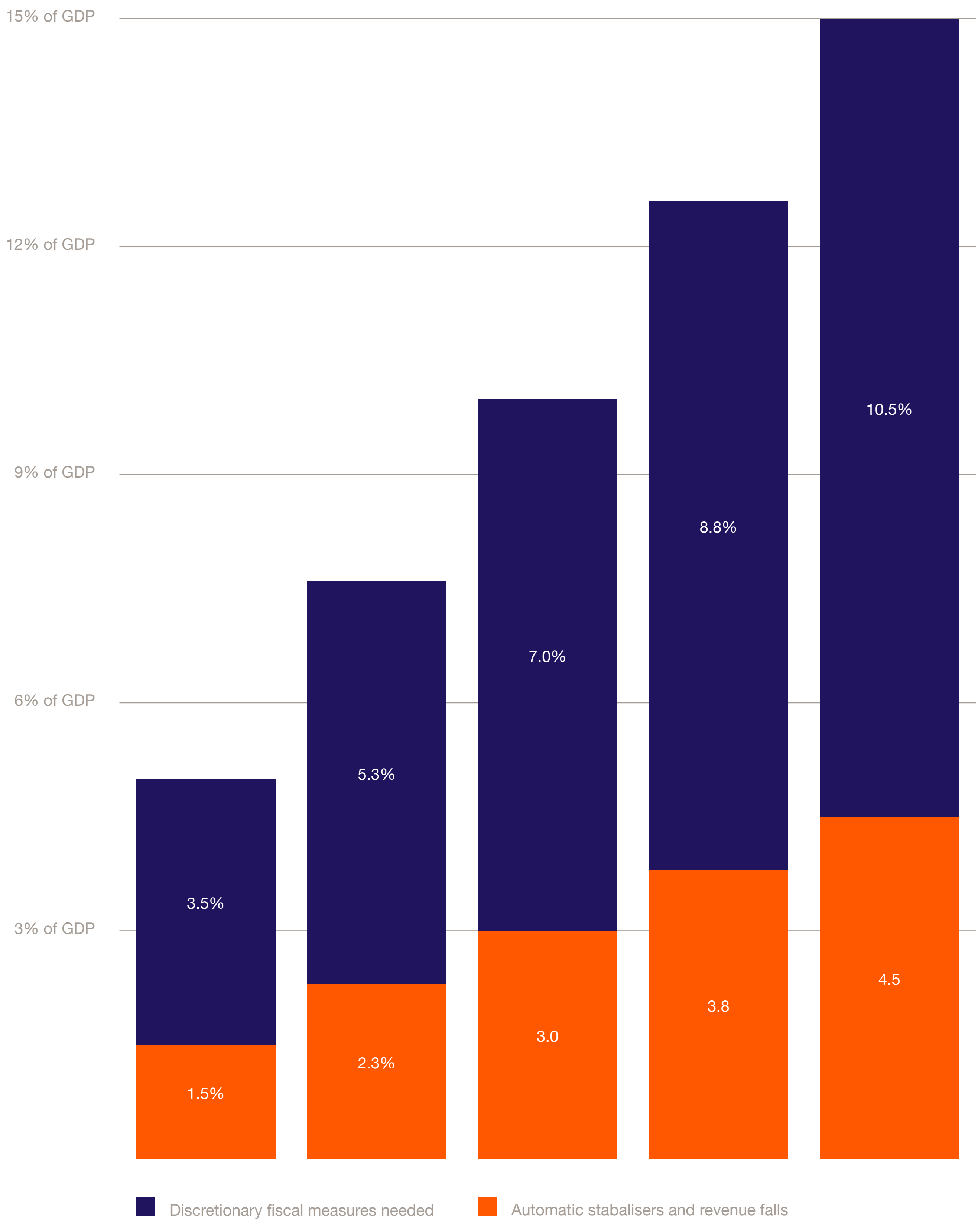


Figure 3.2: Scale of response needed relative to scale of GDP loss. Source: Ibec calculations

Phase 2 actions required by end 2020

1. **Convene a new Commission on Taxation:** With relevant expertise, to help plan a taxation system which is fit for purpose in the post-crisis world. Initial recommendations by the Commission should be published and responded to by Government in Q1 2021.

2. **Review and adjust crisis response measures:** all economic measures introduced in response to the crisis should be kept under ongoing review and amended where necessary to support their impact and ease of use.

Phase 3 actions required by end 2023

1. **Return a balanced current budget at an appropriate pace:** Begin an orderly return to normal fiscal policy by unwinding emergency support measures. Review those emergency supports to understand which might be worth making part of broader economic, labour market or enterprise policy.

2. **Introduce an 'investment rule' into domestic fiscal rules:** Set an explicit multi-annual investment target compliance which should be assessed under the 2012 Fiscal Responsibility Act.

3. **Increase the share of public spending for productivity enhancing measures:** Over the long-term a greater share of public spending should be allocated to infrastructure, skills, and R&D measures in order to boost the potential growth rate of the economy.

Stimulus & support initiatives 3.2

3.2 Stimulus and support initiatives

The period of containment measures has had a significant impact on the economy for both business and households. Over the coming months, as we emerge from lockdown to a world where social distancing is a long-term reality, that damage will mount. Consumer and business confidence will be shaken by income losses, balance sheet damage, and ongoing concerns about public health. It will take time and significant policy intervention in order to return the economy to a sustainable growth path.

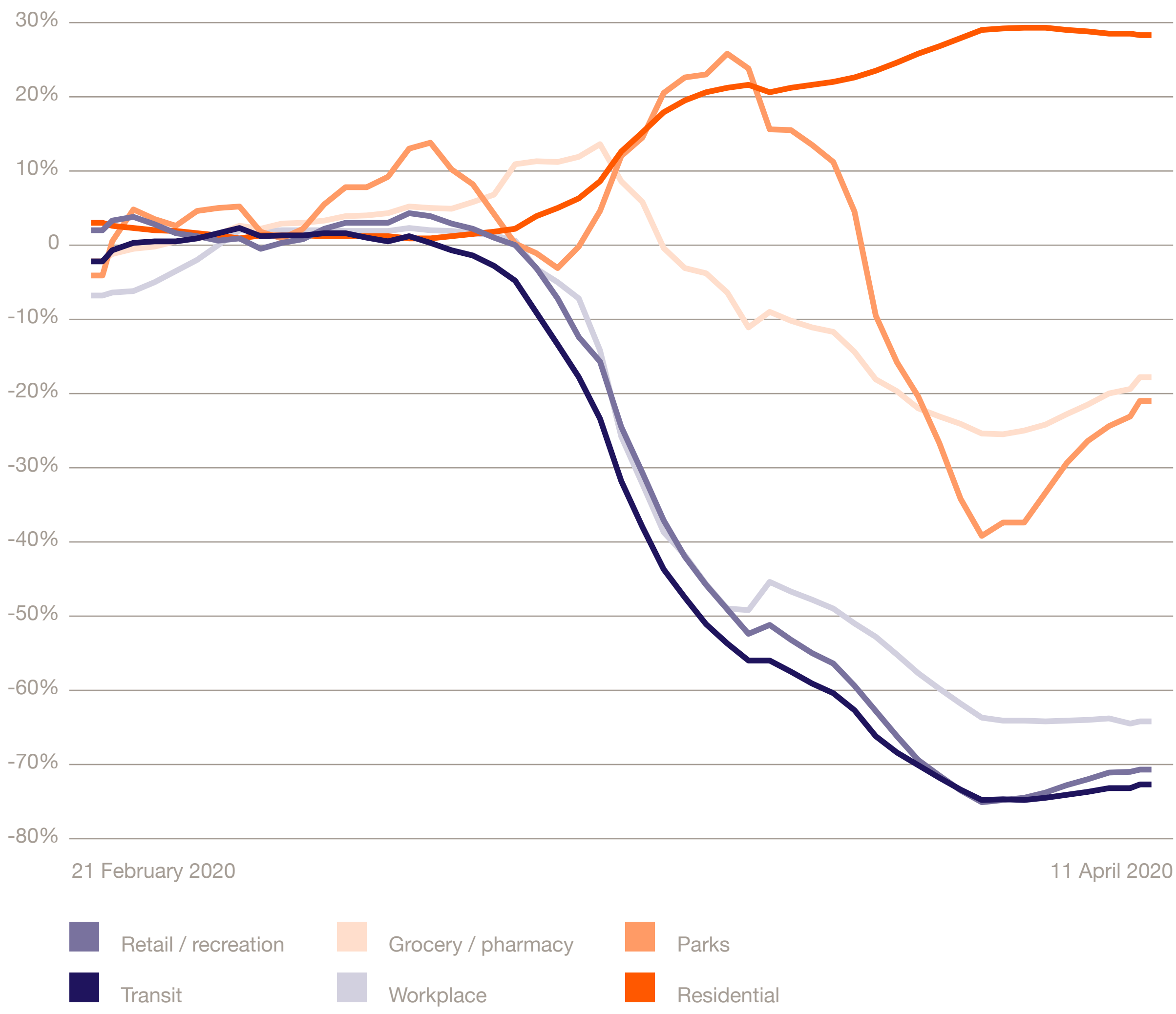


Figure 3.3: Percentage change in visits from baseline 21 February–11 April.
Source: Google community mobility reports

A major stimulus package will be needed to reboot the economy and prepare sectors for long-term capacity and liquidity constraints once public health measures begin to subside. This will need to be aimed at restoring consumer confidence, dealing quickly with legacy balance sheet damage, and incentivising business investment where it makes sense. We must look to successful attempts abroad. For example, Switzerland's liquidity scheme saw 100,000 zero or low interest loans to the value of €15 billion distributed to SMEs through on-lenders in under three weeks. This speed was achieved through the use of state guarantees of 100% up to €475,000 and 85% up to €19 million, which avoided much of the complicated and costly underwriting process. Other schemes internationally, with lower guarantee rates have seen poor take-up and slow approval times.

Some countries have circumvented the lending process completely and instead relied on the direct cash model successfully introduced here for households. Germany has given €15,000 over three months to small business owners and self-employed persons to cover their fixed costs for the duration of business closures. Denmark has gone a step further by introducing a €5.4 billion package of no-strings cash compensation for companies badly impacted by COVID-19. The package would pay out up to €8 million per company to cover fixed costs over the closure period, proportionate to turnover.

Recent announcements have shown that these examples are providing guidance to Irish policymakers in designing innovative ways to get money into the economy quickly – to where it is needed. But political realities mean there is a long road to many of those supports being in place. Careful design of the timing and implementation of these measures will be key to their effectiveness. The reboot of the economy must be matched with significant stakeholder consultation and a clear road map for individual sectors which may take time to re-open and normalise.

Failure to properly execute plans for reboot and recovery risks confidence lagging, negative feedback loops emerging and a significantly longer recovery timeline.

3.2.1 The impact of COVID-19 on the economy

COVID-19 has resulted in a short, sharp, compression of economic activity. The number of working age people receiving income support from the State has jumped from 200,000 people to over one million and continues to rise. This is one in every three people of working age. Despite wide ranging income supports for households, this has resulted in a sharp contraction in domestic economic activity, with Central Bank figures showing a 40% fall in consumer spending since March 1st. For many sectors, the reality is a shock of close to 100% of demand.

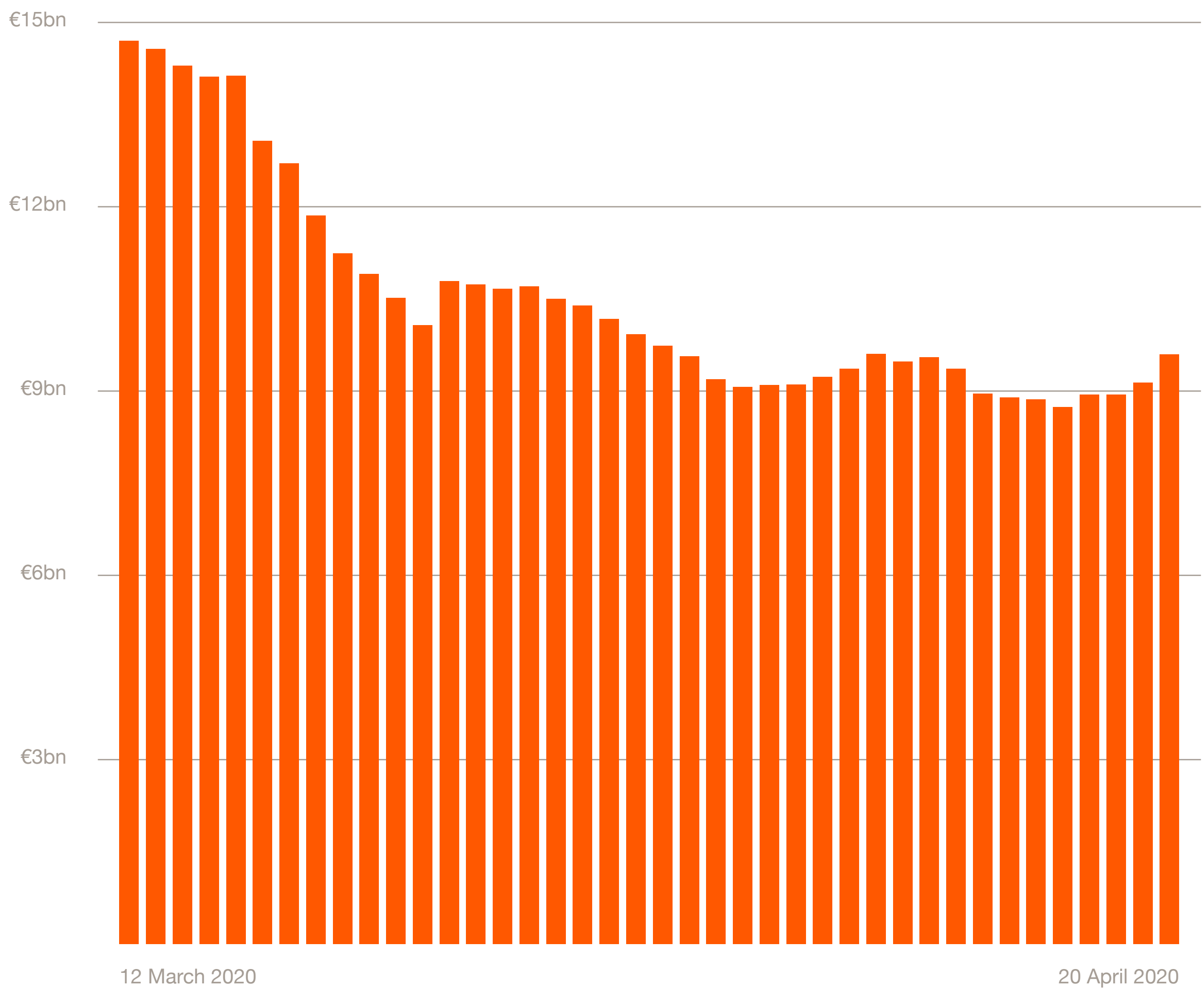


Figure 3.4: Total expenditure on debt/cards and ATM withdrawals over previous seven days (€ billion).
Source: Central Bank.

For business, this recession is unlike any other in the past. There has been no time to adjust and this has put incredible pressure on cash flow in the economy. For many sectors, the reality is that demand has disappeared completely. Our Ibec COVID-19 survey of over 550 CEOs showed that over 80% have seen a hit to their profitability in 2020. Two-thirds of those companies have suffered substantial losses. Almost 20% of CEOs have had to close their organisation completely. There has been no time to adjust. This has left many business owners in the lurch with bills piling up, expensive stock sitting on the shelves and payment timelines stretched. Whilst we begin to talk about re-opening the economy many companies are wondering where they will get the cash to survive.

Almost half of CEOs expect a return to pre-COVID demand to take six months or more. As a result of ongoing social distancing, most firms in consumer facing sectors may remain loss making until the end of the year. On the other hand, the research shows that over 50% of SMEs and 45% of Mid-Caps have less than three months cash reserves.

Central Bank research shows that non-personnel costs accruing in the mostly closed sectors stood at €17.5 billion each month in 2017, with three quarters of those costs impacting on SMEs. In addition, they show that €40 billion in annual business-to-business purchases are made by companies directly impacted by the pandemic. Missed payments, and a squeeze on trade credit will mean big liquidity issues down supply chains.

In Annex 1, we present a worked example from a representative firm in the consumer facing sectors most impacted by COVID-19. What our example, and ongoing work with members, shows is that most firms will need 80% of pre-COVID demand to break even. Yet the limits of social distancing mean that many firms will have to operate well below capacity due to space constraints. As a result of ongoing social distancing, most firms in consumer facing sectors may remain loss making through to 2021 on a month-to-month basis. This could extend further depending on public health needs and the length of time taken to reach a vaccine. When over 50% of SMEs and 45% of Mid-Caps have less than three months cash reserves this situation is obviously unsustainable

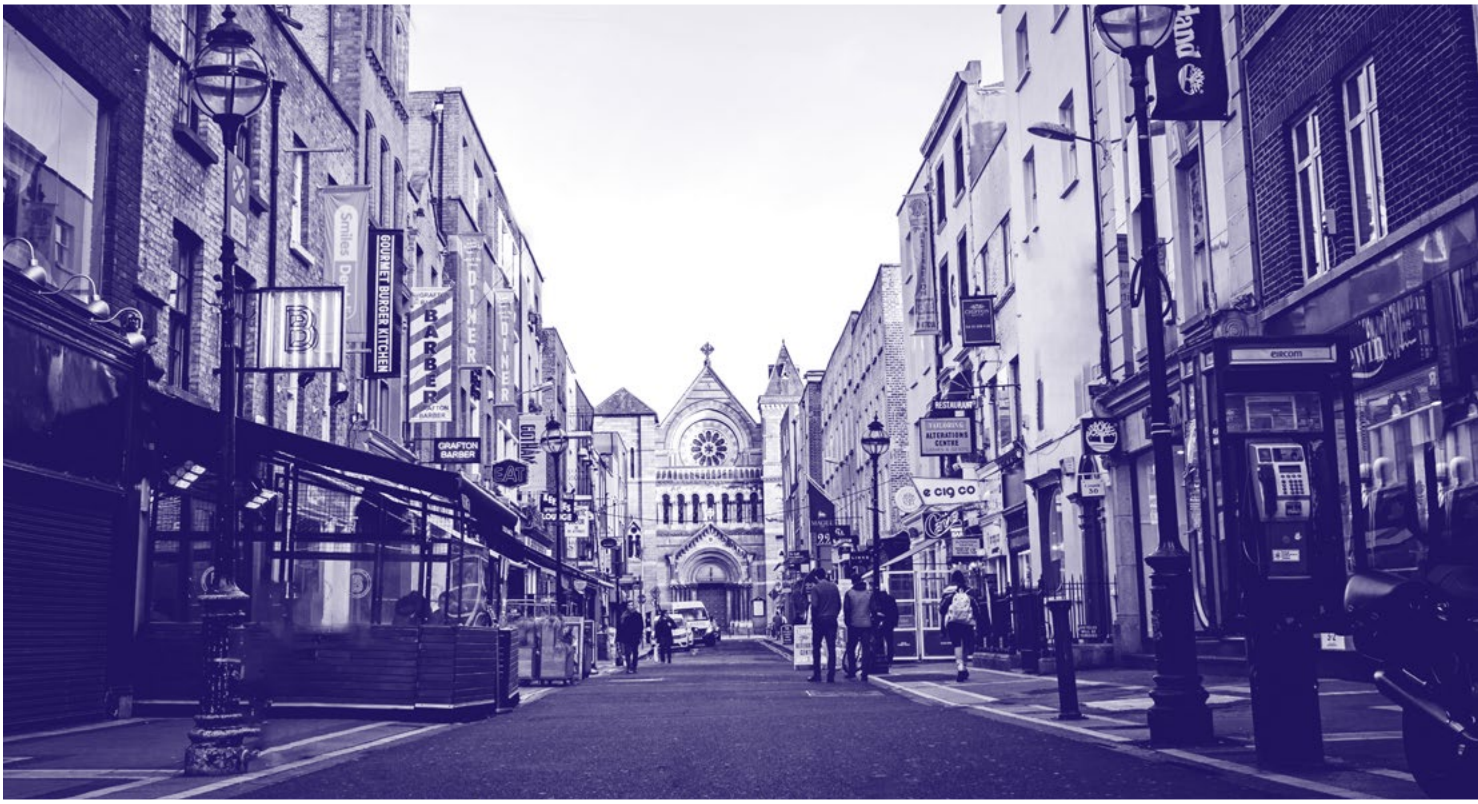
Under the assumption that normality begins to return with an end of June re-opening and demand reaching break-even point by November, the average small firm in consumer facing sectors will have fixed cost debts amounting to €45,000. This despite the firm being able to reduce its labour and cost of goods to zero and significantly reduce its utility costs. This increased leverage is equivalent to 11% of annual turnover or almost 80 weeks post-tax profits. Over 40% of this debt is owed to the Revenue Commissioners and local authorities. Another 27% is owed to the firm's commercial landlord. The remainder is split roughly three ways between utilities, insurance and loan repayment, and suppliers.

There are about 90,000 SMEs of this type of service sector in retail, hospitality, personal services and transport. Our analysis here does not take account of the working capital need of firms in other sectors, the need to re-finance existing debts, the tightening market for export credit, or the need which will arise as firms open up again after a long hiatus with reduced demand. Re-capitalisation costs in the first two months of re-opening would be in the region of €30,000 and cashflow is not guaranteed.

Looking at policy we show a mix of debt forgiveness, low interest loans, and cash grants will be needed. Only under a scenario with a mix of cash grants, debt forgiveness, commercial rates write offs, and loans is net profitability restored in 2020. And only in scenarios with a mix of grants and zero interest loans has profitability returned to above its 2020 forecast by 2022. In scenarios where market rate debt is the only solution, based on current schemes in place, the 2020 forecast will not be hit until 2024. This, in turn, means that the business is less likely to invest, and grow. Scaled to the level of the whole SME sector, this would represent a significant blow to the growth potential of the most labour-intensive sectors of the economy.

Debt alone is not a panacea. In some cases, direct grants, debt restructuring, and equity investment from the State will be considered. In all cases, early engagement with solutions provides vastly improved outcomes. Timing matters too. If a shutdown for firms in the most impacted sectors was extended to the end of November, average debt would rise to €80,000 or almost 80% of net profits (before debt repayment). It is doubtful many small business owners would stay trading when almost 80 cent of every euro they earned was being spent on repaying their debts.

The SMEs worst impacted by the shutdown number over 100,000, employ over half a million people, and are significantly ingrained in the fabric of our local areas. By scaling our example above, and it is relatively representative, large sections of the SME sector would spend up to 40 months recovering to their 2020 baseline forecast levels of profitability even with strong growth in the broader economy and a benign cost environment.

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Bills, rents, and other fixed costs will inevitably go unpaid as a result of this cash flow freeze. Deferral of these debts means many will emerge from the crisis with extremely impaired balance sheets. For companies of all sizes, this will put increased pressure on their ability to trade and finance their operations. Left without intervention, this will result in a significant spike in liquidations over the coming months and a very slow return to normal operations, investment and expansion for firms who stay open through the crisis.

Schemes introduced by Government have recognised this reality, but the political reality means that many supports including schemes for lower cost credit, grants, and revenue warehousing will take time to put in place. This is time many businesses, unfortunately, do not have. By the time a Government is formed and legislation is passed, schemes will need to be operable within days, they will need to work first-time, and they will need to be of sufficient scale to deal with the accumulating economic fall-out of the crisis. For many sectors, these schemes will be needed well into 2021. Business stands ready to work with Government to ensure that when those schemes are introduced, they work and address the significant economic fallout if many viable companies fold. In the section which follows, we put forward our views on how recently introduced schemes should be operationalised and supplemented to ensure they are fit for the task in hand.

3.2.2 Phased policy action for stimulus and support measures

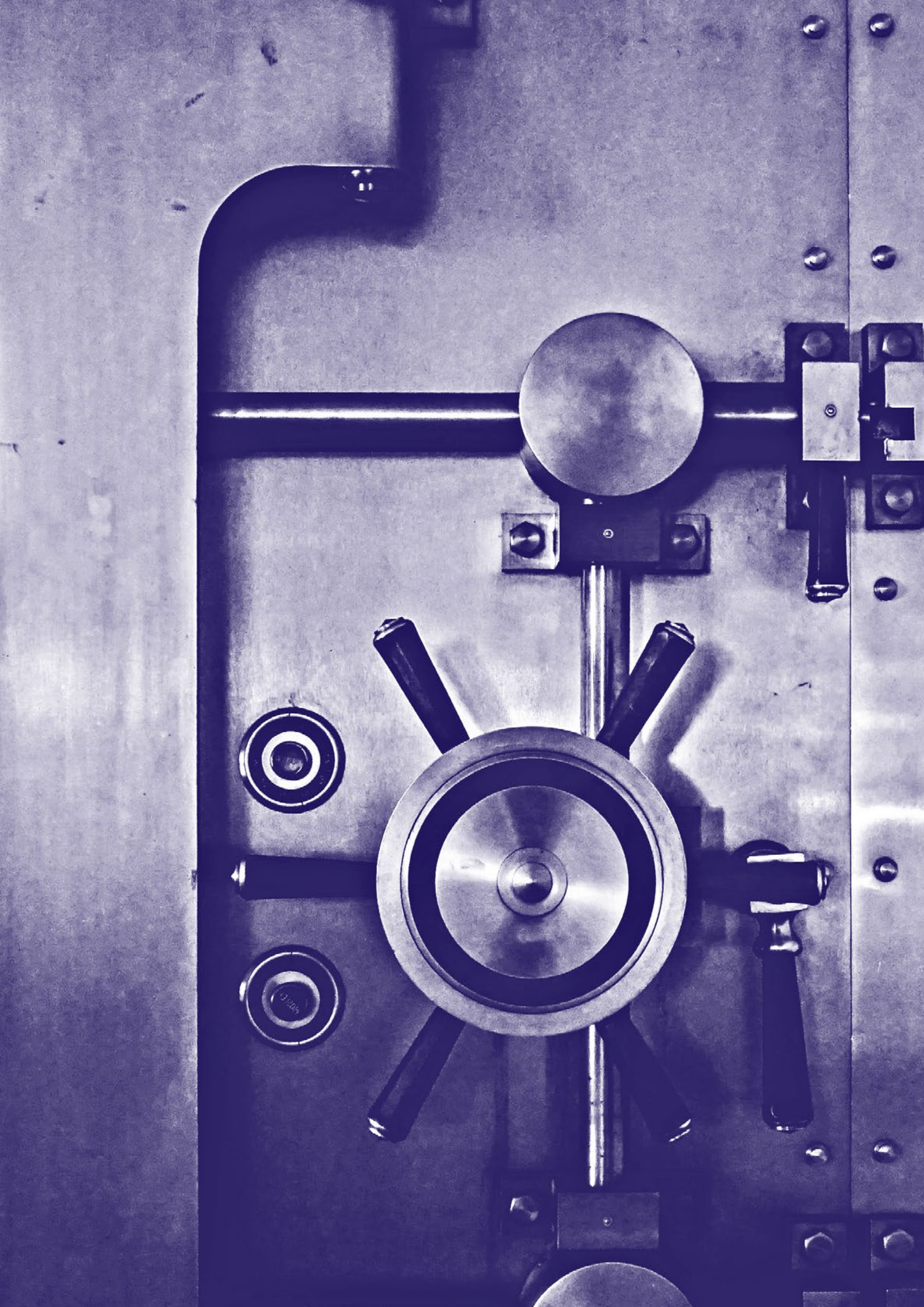
Phase 1 actions required in the next 100 days

1. **Increase State loan guarantee measures:** The commitment to extend the credit guarantee scheme is a welcome development. With a commitment to cover up to €2 billion in new lending the total Exchequer exposure would amount to €200 million if the non-performing loan rate spiked to 25%. Given the potential to leverage low cost financing with relatively low Exchequer exposure this scheme should be significantly extended. The extension should cover re-financing of existing loans, extend the facility cap to €5 million, remove the 0.5% facility premium and provide State cover for the interest rate payments on new loans for an initial period of 12 months. There should also be provisions put in place to extend the guarantee levels on individual loans to small firms to 100%. Altogether this would extend the Exchequer exposure by almost €1 billion. In addition, a new scheme should be introduced to allow invoice financiers to extend sums above their normal advance rate with the comfort of the State guarantee of up to 15% of the funds in the case of non-payment.

2. **Ensure State backed equity investment supports are workable:** Where debt may not be the best form of capital to ensure long-term viability, the Government has recognised that the State should be prepared to provide more innovative solutions to medium and large sized companies through the Pandemic Stabilisation and Recovery Fund. ISIF should work closely with business on the design of these supports. In line with schemes elsewhere in the EU (for example the German economic stabilisation funds under the WSF Act) this could take the form of profit participation mechanisms, subordinated debt acquisition, hybrid and convertible bonds, and short-term commercial paper purchases. In some circumstances this should be extended to the direct acquisition of shares in companies – with the aim of a future buy out by existing owners as the economy recovers. This should be reserved for situations where more economically efficient routes have been exhausted and be targeted at firms which are crucial either to the operation of the economy or in strategically important supply chains.

3. **Ensure the restart grant scheme is fit for purpose:** The State should significantly expand its planned restart grant scheme which, being linked to 2019 rates bills, has the potential to be cumbersome, operationally inefficient, and lacking sufficient scale to make a difference. Instead the State should introduce a grant programme of €15,000 in no-strings cash in line with other countries such as Germany, the UK and Denmark. The most efficient way to operate this is through the existing Revenue payment system for the wage subsidy scheme, for companies with fewer than 50 employees which have declared for the scheme. This should aim to cover other fixed costs for the period of the scheme's operation and could be extended through LEOs to companies not in the WSS. There will also need to be a significant increase in scale with the Irish grant scheme currently smaller in absolute scale than the same scheme available to a much smaller SME cohort in Northern Ireland.

4. **Ensure Revenue tax deferral measures are maximised:** Revenue's tax 'warehousing' scheme has significant potential to help impacted companies to carry on trading for the period of COVID-19 disruption. Guidance under this scheme must provide for a continuation of the scheme for firms which are impacted by containment measures or significantly capacity constrained by social distancing measures. Revenue should also ensure follow through on accelerated payment to businesses of VAT bad debt relief, Section 481 relief, the R&D tax credit and other payments which impact on liquidity. Revenue should also waive any fines relating to the underpayment of corporate tax filings based on 2020 provisional estimates.



Phase 2 actions required by end of 2020

1. **Allow employers to provide up to €2,000 in tax free vouchers:** Introduce a one-time extension of the small benefits exemption to benefit-in-kind to allow employers to give a voucher in 2020 or 2021 up to the value of €2,000, on a tax free basis (the Exchequer cost would be in the region of €400-500 per voucher – depending on take-up). This has the benefit over tax cuts of being focused on domestic consumption, avoiding saving, and seeing a significant return to the Exchequer through VAT. This should be matched by a second annual 'double week' payment for social welfare recipients in the autumn.

2. **Increase and extend the eWorking tax allowance:** In order to incentivise reduced commuting patterns and encourage a permanent shift to remote working, the existing eWorking relief should be increased to an annual equivalent of €1,500.

3. **Extend the commercial rates exemption to six months:** Provide funding to local authorities to extend the rates exemption for impacted companies to six months and to support a further six-month deferral. There should be consideration given to extending the duration of these supports for all compacted companies (not just those that have completely shut down.)

4. **Re-introduce the 9% VAT rate:** For companies in the hospitality and personal services industries along with the on-trade and other badly impacted sectors for a three-year period.

5. **Explore a binding mandatory arbitration model for disputes over commercial leases:** This should include a facility for some State burden sharing and provide short-term protection from eviction. The State burden sharing model should be based on the recent Swedish state-aid approved model which covers up to 50% of rent reductions negotiated between tenants and landlords for the period of the crisis at a cost of €450 million.

6. **Increase R&D grant rates to 50%:** Ensure state agencies make full use on the new state aid guidelines to fund up to 50% of Research and Development projects which support future business growth.

7. **Provide flexibility on tax reporting deadlines:** Allow for the optional extension of all mandatory tax reporting deadlines for three months in order to facilitate inevitable delays from changes in remote working and show maximum flexibility to companies suffering sales losses when calculating preliminary tax and suspend all penalties for preliminary tax filings.

Phase 3 actions required by 2023

1. **Provide ongoing flexibility on tax compliance:** Ensure Revenue takes a 'maximum flexibility' approach with long-term debtors under the 'warehousing' scheme where those debts are the result of the COVID-19 related disruption. This may include both long-term payment plans with suspended interest and debt forgiveness in cases where tax debts are the biggest obstacle to business viability.

2. **Introduce tax measures to support business investment:** For investments in the years between 2020, 2021, and 2022 - introduce full expensing for fixed investment for sectors worst impacted by COVID-19, expand CGT entrepreneurs' relief to passive investors in areas with high growth potential, and allow any investment losses under EIIS against CGT.

3. **Provide ongoing grant support for worst impacted sectors:** Introduce a monthly business fixed cost grant for firms in sectors where the impact of social distancing measures and seasonality may mean extended closures and longer, more costly, returns to normal trading.

Getting people back to work 3.3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3.3 Getting people back to work

The impact of COVID-19 on employment

The crisis has altered the labour market, rapidly and radically. From a position of strength in early 2020 with a very low level of unemployment, to a potential headline rate of over 20% unemployment in Q2 2020. Given the urgency and scale of this unemployment crisis, coupled with high levels of business disruption, a major back-to-work effort is required. The focus must be on labour market activation, boosting employment and individual employability to support people in getting back to work as quickly as possible.

Recovery will be incremental and disjointed across the labour market as different industries recover at a different pace. This requires an innovative and swift labour market response to avoid indefinite spells of unemployment for individuals.

The nature of technological change, increasing automation, changes in organisational structures, new consumer behaviours, climate change and demographics, has given rise to rapid business transformation. The crisis has escalated the speed at which transformation is now occurring, with less predictability and control. Early analysis of the CSO Live Register data indicate that the individuals most negatively impacted by this crisis have lower levels of education attainment and in occupations at the greatest risk of automation. This must trigger a policy response to enable people to retrain to target employment opportunities in new sectors and move up the rungs of the labour ladder.

Together these transformations will impact traditional jobs and employment patterns but also offer the potential to create new job opportunities in emerging, and high-technology industry sectors. Our survey research indicates that almost three-quarters of respondents (72%) expect to return to pre-crisis levels of demand within a year after restrictions end but with a reorganised work environment and business model. The businesses which are most agile, more innovative and those who have embraced technology will recover more quickly. New business models will require new skills; new ways of working and collaborating; and new ways of managing people. The challenge will be to raise skills to higher competency levels to reduce labour marker inequalities and to support business growth and productivity in the employment intensive domestic sectors and of locally traded services.

Enhanced employability works best within a supportive labour market environment and balanced employment protection. Creating and attracting new jobs means staying innovative and competitive. A responsive labour market that supports job creation and good living standards, while also safeguarding the dynamic business model is vital. Essentially, the education and training system, Government, individuals and enterprise will have to be become more agile and responsive to changing workforce trends and skills needs. Central to achieving this will be a new paradigm for education in Ireland. As new approaches to education and training appear, prioritising employability, transferable skills and lifelong learning will become more significant and will require a revolutionary approach to education and training.

‘We need to reimagine a world of work that is prepared for future disruptions by learning the lessons of the crisis and building agility and resilience into our economy and society.’

Anne Heraty

CEO, Cpl Resources plc,

Ibec Board Member & Chair of Ibec’s Labour Market & Skills Committee

3.3.1 Social welfare reform

The current social protection system is not fit for purpose as was sharply demonstrated at the crisis outset. For the second time in just over a decade, Ireland has had to weather a major economic crisis without a fully functioning social insurance model. The inability of the economy to insure against economic or social risks (such as the reduction of lower skilled jobs), demonstrates the need for fundamental re-thinking of the existing model of social insurance and its ability to enable the delivery of adequate income continuance for all. The social welfare system is funded through a mix of social insurance contributions and general Exchequer revenue. Following the last recession the social insurance fund (SIF) fell into deficit and it faces significant challenges in the years ahead to ensure the adequacy of social insurance pensions and benefits for a growing and ageing population and to put the SIF on a more stable financial footing.

3.3.2 Labour market activation

COVID-19 and the necessary interventions to contain the virus have resulted in an unprecedented increase in the number of people claiming State support interventions and many availing of short-time working arrangements. The impact of the crisis may have been far more severe but for the Government support for the economy and keeping individuals close to the labour market. However, inevitably certain industries and roles will not recover or will re-emerge in a changed way following the crisis. Ibec research found that almost half (48%) of respondent organisations expected some decreases in employee numbers and substantial decreases in staffing levels were expected in around one in ten organisations (10%). Four out of ten organisations expected to maintain their current employee levels. A strategic and ambitious activation approach will be required to address the resulting situation. Failure to do this may lead to enduring problems in the labour market, particularly if long-term unemployment intensifies. An investment of €700 million in labour market activation measures and €300 million in increased Jobs Plus funding will be required to achieve the necessary outcomes.

3.3.3 Pensions and retirement

Following the crisis, older employees due to retire in the coming year and become eligible for the State Pension may not have achieved the level of financial security given the impact on wages and their employment. This situation may be exacerbated by the introduction of the next State Pension qualifying age period to age 67 in 2021. However, consideration needs to be given to ensuring a dignified retirement, intergenerational fairness and certainty for employee and employer alike.

3.3.4 Phased policy actions to get people back to work

Phase 1 actions required in the next 100 days

1. **Initiate a phased removal of crisis related State income supports to the labour market:** This needs to occur in line with the phased opening of the labour market; child and elder care operations, and the ability of people to return to the workplace to avoid unintended consequences for individuals and society.

2. **Invest in new or reimagined labour market activation programmes to support the rapid re-employment of those newly unemployed:** It is essential that individuals displaced by the crisis are supported to successfully resume work as a matter of priority as the economy comes out of hibernation.

3. **Target labour market activation programmes towards specific sectors and regions hardest hit by the crisis:** This would enable a multifaceted approach to encourage a faster recovery and the avoidance of labour market black spots.

4. **Provide particular supports for youth unemployed building on the Youth Employment Support Scheme:** This is essential if we are to keep them, especially those further disadvantaged by low education or skills levels, close to the labour market and avoid the long-lasting crisis impact on their future earnings, employment opportunities, health and wellbeing.

5. **Enhance short-time working programmes to provide government funded labour market training on the "off" days:** This would allow organisations to up-skill employees for new labour market challenges as they return to activity incrementally.

6. **Increase the manpower resources available to the INTREO employment services:** This would enable them to cope with the significant increase in caseload and volume of newly unemployed job seekers and could be drawn from community and other providers of employment supports.

7. **Postpone the introduction of the next State Pension qualifying age period (age 67 in 2021) by 12 months to 2022:** This will support older workers financially impacted by the crisis.

8. **Delay the implementation of the auto-enrolment pension system by 12 months to 2023:** This will remove an additional administrative burden on employers during these challenging times.

Phase 2 actions required by end of 2020

1. **Reform the systems, processes and payment structures of the social welfare system:** This will enable an increase in efficiencies and innovations and reduce waste

2. **Evaluate the social insurance fund (SIF) model and its ability to provide adequate incomes for all citizens:** This will enable consideration of reform to meet the demands of changing demographics and provide us with greater security in the face of future crises, similar to our European counterparts.

3. **Maintain the pre-crisis work on addressing structural challenges in the labour market facing people with disabilities and other marginalised groups:** Tailored solutions will be needed to avoid distancing cohorts that may be more marginalised by the crisis given their additional challenges (e.g. people with disabilities, lone parents etc).

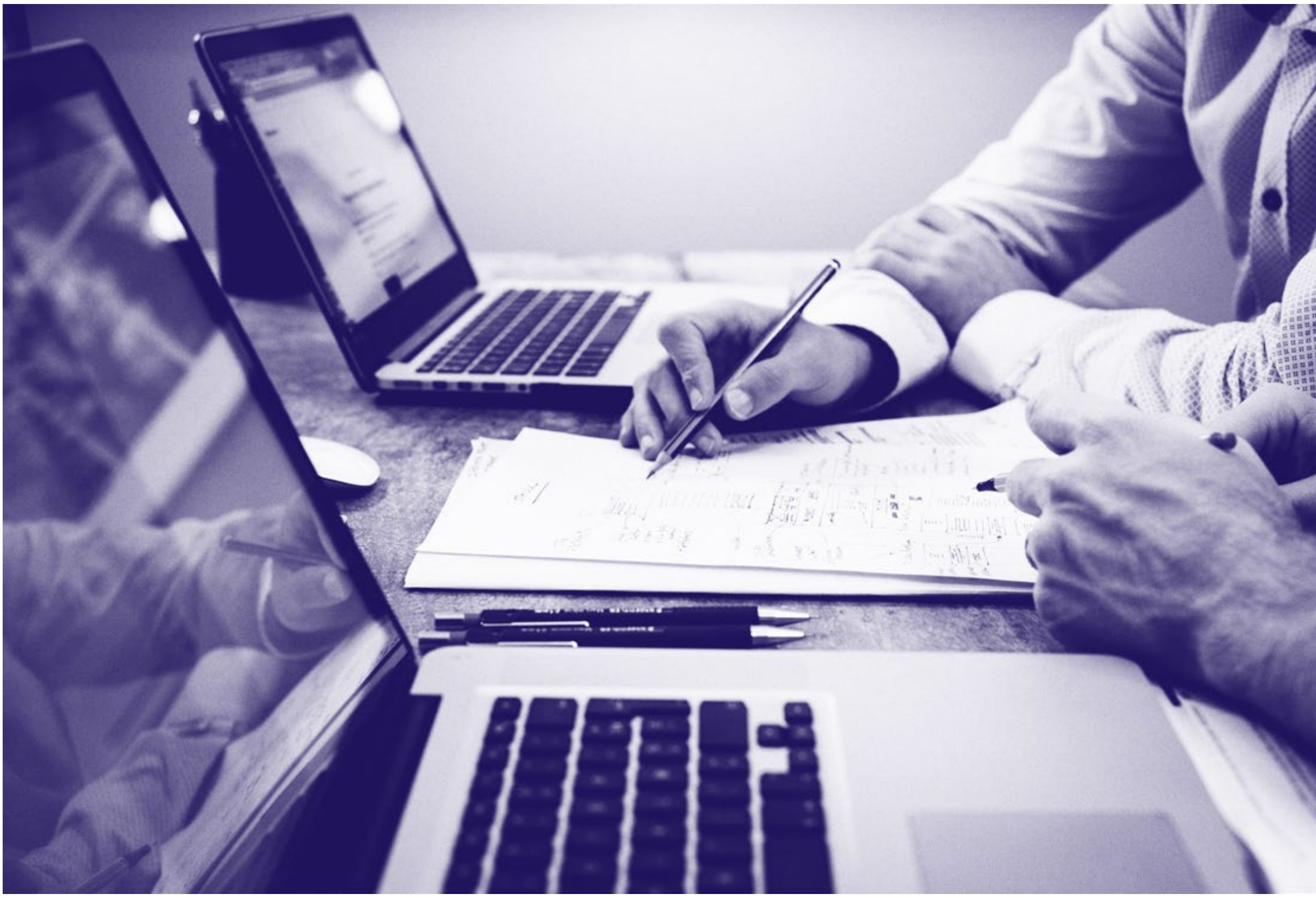
4. **Redirect funding of Labour Market Activation Programmes towards those evaluated as being most effective in achieving their goals (e.g. Back to Work Enterprise Allowance; JobBridge; JobPath and JobsPlus):** This would ensure that the most beneficial interventions are prioritised.

5. **Significantly increase funding to the JobsPlus scheme:** Double the hiring grants to €15,000 and €20,000 (as appropriate based on eligibility criteria) over 24 months for firms worst impacted by COVID-19 or in regions with persistent unemployment as a result of COVID-19 (e.g. areas reliant on tourism employment). Leave the duration of the changes open-ended until the unemployment rate falls below 6%.

Phase 3 actions required by 2023

1. **Invest in digital solutions to increase efficiencies in the INTREO services:** This would enable greater effectiveness in counselling, job search, and job matching of candidates and job opportunities.

2. **Enable employers to align retirement age, where appropriate, with the State Pension age:** This will provide much needed certainty for employees and employers, ensure diversity and inclusion in the workforce and permit a smooth retirement process.



3.3.5 Education and skills
The impact of COVID-19 on employability

Future skills needs remain unpredictable
The scale of re-skilling, up-skilling and learning requires greater collaboration between business, education, and government to anticipate fast evolving skills requirements. Given the twin impact of the crisis and the pace of technological advancement, it is certain that individuals will need to have a greater capacity for digital skills, complemented with transversal skills and an aptitude for learning.

Collapse in higher education funding
The failure to invest in higher education over the last decade has reduced Ireland's ability to attract research and innovation investment and leverage international funding. As business re-orientates, new ideas and technologies will be critical to support business to stay at the cutting edge. At present we are playing catch up with similar sized economies and there is a real concern this will erode quality and impact on competitiveness.

Management capability to boost productivity
Small to medium firms and many indigenous enterprises face problems attracting talent and the skills required to grow. SMEs struggle to access training due to their limited size and resources. In many OECD countries, workers in SMEs engage in half of the training activities as those workers employed by larger firms resulting in a productivity and technology gap.

Work-based learning support skills development and labour market activity: Generation Apprenticeship offers strong potential as a labour market activation scheme to provide work-based education following the crisis. Apprenticeship also provides an entry route to high quality employment, which will be important to address the challenges associated with youth unemployment.

Software skills will be in huge demand and as it was already almost impossible to recruit, it is a significant risk for my business.

Realising the potential for further education and training
Vocational and further education is highly valued but there is an urgent need to streamline and improve the offering to build programmes with a clear employability route. With a greater focus on developing digital skills and developing more flexible programmes that align with business needs, Education and Training Boards can become a highly responsive regional training partner for businesses.

Fostering dynamic and innovative regions through skills, education and research: Industries across Ireland depend on a robust graduate and talent pipeline. Cultivating the high-quality research capacity in universities and institutes of technology can underpin a new era of research, development and innovation partnerships to create market opportunities and build resilience across the enterprise base.

Improve and sustain Ireland's participation in lifelong learning activities: Ireland has a much lower lifelong learning participation (<10%) rate than other EU member states (>15%). Business and government must continue to invest in re-skilling at this critical time despite the uncertainty over learning and training budgets. Ibec research indicates that over 35% businesses are seeking, as a priority, targeted supports for employee up-skilling and retraining to help return the business to pre-crisis level of activity. Embedding this learning mindset will require more than individual will, it also requires targeted investments and incentives to ensure the workforce stay agile as jobs and business needs continually evolve.

3.3.6 Phased policy action to boost employability

Phase 1 actions required in the next 100 days

1. **Safeguard and leverage the National Training Fund to support enterprise-led skills development programmes:** The priority of the NTF must remain in supporting businesses to engage with education providers to address acute and emerging skills needs and to incentivise higher levels of employee learning and development. Funding for programmes with strong enterprise links, such as Skillnet Ireland, Springboard Plus and the Human Capital Initiative, should be protected.

2. **Provide learning supports and learning programmes for SMEs:** Given the unique constraints faced by SMEs, specific and targeted programmes are necessary for businesses to make use of and develop their people and enhance their management and strategic capability to build stronger indigenous enterprises.

3. **Incentivise industry to participate in Generation Apprenticeship:** Significantly increase investment for Generation Apprenticeship, by €40m to €74m per year, to encourage enterprise engagement, reduce on the job training costs and support strategic programme management and innovation.

Phase 2 actions required by end of 2020

1. **Enhance employability through up-skilling:** Increased skills and competency levels can be achieved with targeted investment in programmes with a particular focus on transversal and digital skills to ensure that individuals are prepared for the convergence of technology and work.

2. **Establish a fit-for-purpose labour market intelligence system:** Enhancing the capabilities of the intelligence system will improve labour market signalling and match skills with industry demand. This will lead to better informed investment decisions for business, government and the education and training system on training interventions creating a more agile labour market.

3. **Create a lifelong career guidance service:** The availability of appropriate, business-informed advice will support individuals to make informed career decisions and to undertake relevant up-skilling opportunities with related job opportunities.

4. **Maintain the investment commitments to establish Technological Universities:** The €90m TU Transformation Fund and the roadmap outlined in the Technological University Research Network is necessary for post-crisis regional activity and development to ensure enterprise access to innovation spaces, knowledge and resources.

Fundamental changes will be needed in how we deliver applied and technical education.

Phase 3 actions required by 2023

1. **Develop a National Training Voucher Scheme:** A voucher scheme, to the value of €350 per employee, will enable enterprise to choose suitable training services from accredited education and training providers. This will empower business-led training and its utility within the business at a critical time.

2. **Deliver a long-term, sustainable funding model for higher education:** Higher education institutions need a substantial increase in funding, of approximately €400m, to boost core and programmatic funding, infrastructure investment, industry-academic research collaboration and to help recover the losses incurred as a result of the crisis. It is an economic imperative that higher education remains a strategic asset capable of supporting a knowledge-based, innovative, creative society and economy. The funding is also necessary to enable institutions to innovate and adapt their offering to support enterprise needs.

3. **Streamline and adapt the further education and training system:** Effective further education programmes with a clear employability focus will require capital investment to trigger a step change in the offering and the environment for further education.

4. **Develop digital education capability:** A new approach to education must include flexible and online learning that provides a personalised and modular approach to gaining skill-based credits.

Investing for socio-economic sustainability 3.4

I am worried that the State will scale back on investments in infrastructure due to the coming recession.

3.4.1 The impact of COVID-19 on infrastructure investment

Notwithstanding the adverse impact of temporary containment measures on businesses and the public finances, the aftermath of this crisis presents enormous opportunities for stimulating economic recovery and greater social cohesion. With the cost of borrowing for capital projects lower than ever and risk of overheating lowered, it is time to increase the level of ambition in public capital investment and make the planning system fit for a reimagined Ireland.

The country's immediate economic outlook has changed dramatically, but the underlying societal pressures and environmental sustainability challenges remain daunting. We need to invest heavily but smartly in areas such as affordable housing, healthcare, education, clean energy, public transport and utility services.

The public health crisis has significantly reduced the short-term demand for certain public services, notably public transport, while substantially boosting the need for others such as healthcare. It is unclear how quickly or completely the previous patterns will be restored. Indeed, it is possible that the experience may result in marked changes in public attitudes. Nevertheless, an overly hasty reallocation of investment priorities within the previous €116 billion spending envelope could pose a risk of unintended consequences for our prosperity and quality of life. The NDP funding envelope is a lower limit rather than a cap. If a credible business case can be made for additional projects, incremental funding should be sought for them to proceed.

3.4.2 Regional rebalancing

The current infrastructure deficits in the regions have the potential to undermine national economic recovery efforts. While it is difficult to quantify what the eventual economic impact of the pandemic will be on the regions, it is undoubtedly being exacerbated by pre-existing challenges and regional disparities. Decades of under-investment in infrastructure, particularly in digital and transport infrastructure and higher education, will leave some regions significantly challenged in their ability to fully recover. Actions must be taken now to build economic resilience and stimulate the regional economies to mitigate the lasting impacts of the crisis.

One of the most effective means of stimulating regional economies is by investing in infrastructure including housing, education, transport, broadband and health, making urban centres vibrant and attractive places in which to live. Dublin accounts for almost half of all economic output, making us more reliant on our capital city than any other country in the EU. Without ambitious investment in the regions, the imbalance is set to continue. Addressing infrastructure deficits and tapping into the economic potential that remains unused in our regions is essential to move forward. Doing so will significantly enhance the overall national economic recovery effort.

3.4.3 Infrastructure deficits

Housing

Ramping up of shovel-ready construction projects will be key to delivering quality and affordable homes. Ireland's current housing strategy is due to end in 2021. This must be immediately addressed to ensure delivery of 35,000 homes annually. Measures to accelerate supply, such as the fast-track Strategic Housing Development planning process, will require new legislation allowing them to continue. The State must be more ambitious in its approach to direct building. Increased housing provision by the local authority sector would provide immediate economic and social benefit across the country. Government should support innovation in the sector by using modern construction methods as part of social housing public procurement.

Increasing the availability of zoned and serviceable land will be essential to meeting Ireland's housing need. Only 45% of the cost of delivering a new home is accounted for by the build cost. The Land Development Agency is to free up land in State ownership, which would not ordinarily be considered for home building. However, it has yet to be put on a solid legislative basis. Additional measures such as a bridging finance scheme will be required to better utilise the supply of zoned and serviceable land suitable for housing.

The State must take a more active role in housing provision. Its focus must not be solely on social housing. Affordable housing must make a greater contribution to Ireland's housing mix. A twin-track focus would increase the funding the State could borrow from the EIB. The introduction of a state-backed shared equity scheme would help families who are able to pay back a mortgage but don't meet Central Bank macro-prudential rules to buy a new home. This would free up rental accommodation and provide certainty for homebuilders.

Regulated network utilities

The development of serviced sites, whether for residential or commercial use, has at times been frustrated by inadequate water and sewage infrastructure. Irish Water has an extensive portfolio of shovel-ready projects that are currently on hold due to funding issues. Many of these could be progressed in 2020 if additional Exchequer funding were made available. An accelerated timetable would be subject to approval by the Commission for Regulation of Utilities.

These projects would immediately stimulate employment across the regions. It is important, however, that Irish Water's strategic projects are not delayed. Dublin's water supply/demand balance, for example, remains on a knife-edge with an uncomfortably high reliance on abstraction from the river Liffey. Bringing treated water from the Shannon will require new abstraction legislation, without which the formal planning application cannot even commence. The country faces EU sanctions for continuing to discharge inadequately treated municipal sewage at multiple locations, including Dublin Bay. Poor water quality in our estuarine regions can be a serious problem not just for marine life, but also for leisure and tourism activity.

The country enjoys adequate electricity generation capacity, supported by diverse fossil fuel supplies, and a robust transmission/distribution network. However, the needs of the system are changing in response to the decarbonisation challenge. Our power system will need to continue its strong decarbonisation trajectory and achieve emissions reductions of 84-94% by 2050 on 1990 levels. This will need to be financed in a way that is cost effective and protects the consumer and Irish competitiveness. The roll-out of non-dispatchable renewables and the anticipated move to electric vehicles will also entail substantial network investments, both onshore and offshore.

Funding of the relevant infrastructure can be achieved through user charges, complemented by long term borrowing by the Exchequer and/or the semi-state sector. The main obstacle to timely delivery is likely to be in achieving unencumbered planning consent. Ibec has long campaigned for the planning and judicial review regime to be streamlined, and for the archaic foreshore licensing system to be rationalised. The latter is an essential condition for the vast potential of Ireland's 'blue economy' to be realised.

Sustainable mobility

Many Irish towns and cities experience serious peak hour traffic congestion. This is symptomatic of a failure to strategically connect land use and transport planning. Congestion and excessive commuting times are a symptom of an inadequate intra-urban public transport system. It is a remarkable that commuters in 2016 were less likely to travel to work on foot, bike or by public transport than they were in 1986.

Ireland's transport network must be more connected, integrated, and efficient. The country is far too car-dependent for most of its journeys. Notwithstanding current concerns about social distancing, sustainable mobility will require a package of investment measures and behavioural incentives to deliver a lasting modal shift for commuting. They will not be cheap or easy to implement but are fully justified in terms of wider societal co-benefits, including improved air quality and hence public health.

Transport investment is essential to reduce the country's reliance on private motor vehicles. The BusConnects concept is a good example of progressive measures aimed at improving the public transport system. It should be rolled out across the five metropolitan regions. The bus network will continue to be the key to mass transit across our cities, and the changes promised in BusConnects are welcome. Provision should be made in the re-prioritised NDP to support projects identified in the new or forthcoming metropolitan area transport strategies for Galway, Cork, Limerick and Waterford.

Capital investment in other public intra-urban transport projects should be increased. Commuter rail services must be prioritised, including the DART Expansion Programme. The capacity of light-rail services in Dublin should be increased. Work on extended light-rail in Cork should be progressed. Delivery timelines for MetroLink must be accelerated and utilise the opportunity to access private finance. DART Underground must also be included as a project in the re-prioritised NDP. This would complement investment in infrastructure, expand the network and the electrification of rail lines. It would also support improved commuter services through network integration and freeing-up platform capacity in key stations.

The number of pedestrians and cyclists in the urban centres can be expected to increase over the coming years. This underpins the necessity to increase investment in active mobility to better reflect the changed hierarchy of road users. Programmes of investment must support the provision and maintenance of quality footpaths and dedicated cycling infrastructure. Over time, there should be a conscious effort by public authorities to continue reallocation of road space to more sustainable modes.

International connectivity

Demand for international tourism and travel into Ireland is likely to experience a slower recovery than many other sectors. Nevertheless, the major capital projects currently under way at our leading seaports will be crucial to the longer-term economic prosperity of the island of Ireland, particularly after the Brexit transition period.

The same consideration applies to the second runway now under construction at Dublin Airport and its wider capital investment plans. Ibec expects that passenger and freight volumes will have returned close to the long-term growth trend by the time the additional capacity is completed. The planning condition that arbitrarily restricts daily flight numbers following completion of the runway would therefore pose serious logistical problems. It is also important to ensure that the terminal is permitted to handle future volume growth. International carriers will be key to our future prosperity.

Government will also need to re-visit existing policy on state aid support for the national and regional airports, given the severe impact of the crisis on their finances. It is vital that regional access and connectivity is prioritised post crisis, given the disproportionate impact of the shocks to the tourism and hospitality sectors on regional economies.

Regional accessibility

Ireland retains one of the highest levels of regional economic disparity in the EU. Investment in critical infrastructure in the regions, enhancing inter-urban connectivity and accessibility is more important than ever. Any shortcoming in regional transport infrastructure could hinder investment and job creation, thereby reinforcing the perception of a two-tier economy.

The economic recovery presents an opportunity to improve accessibility between cities and major urban centres outside Dublin. The current National Development Plan, despite an envisaged €116 billion capital spend, does not adequately address all the major deficits in transport and public infrastructure. More needs to be done. Improved inter-urban connectivity would enhance the prospects for enterprise development and job creation, especially at strategic locations along the Atlantic Economic Corridor and in the relatively under-developed North West region.

An improved public transport system would facilitate access to key tourism and cultural assets. The best outcome, however, will require a focus on all modes of land transport, including upgrades to the road network. There will be a need for continuing public capital investment in critical road infrastructure projects, without which the urban transport strategies would be sub-optimal. The proposed Galway City Ring Road, currently at oral hearing stage, is a case in point. Convenient access to strategic infrastructure such as ports and airports is also essential to the functioning of resilient regional economies. It will, however, be vital to mitigate road transport emissions through the use of clean renewable fuels.

There is a strong case for enhanced rail connectivity between Ireland and Northern Ireland. This would require a coordinated all-island approach. The re-prioritised NDP should support investment in high capacity rail connecting Dublin and Belfast and to other cities. This would better support the sustainable development of a network of strong urban centres along the Dublin-Belfast Economic Corridor, which in effect stretches from Larne to Rosslare and supporting connectivity across the island.

Urban and rural regeneration

The development of smart cities and revitalising town centres will underpin recovery across the regions. Government must ensure incentives allow the regions to develop urban centres of sufficient scale, particularly designated Regional Growth Centres and Key Towns. The benefits of such growth can be spread to surrounding rural areas. Enhanced funding and alternative mechanisms to support investment and financing must be utilised. In some cases, the freeing up of development land in city centres is contingent on port facility expansion or relocation projects.

Local plans and renewal strategies must address the full range of issues from housing and enterprise through to specific sectoral activities such as retail mix. This would support towns to recover and realise their full potential once more in contributing to economic growth. Flagship regeneration projects should be actively supported by Government through the NDP and access to international financing. Large-scale and ambitious development projects can have a transformative effect on metropolitan city areas. Examples include the Limerick 2030 initiative, the Grand Canal Innovation District and the South Clare SDZ.

Healthcare provision

The immediate priorities must be the development and delivery of a new capital plan for health within the framework of a re-prioritised NDP. The current plan is to expire in 2021 and has targeted €2 billion of capital expenditure between 2019 and 2021. There was no provision for contingencies arising and no capacity to incorporate additional projects. Without immediate correction, pre-crisis challenges across the healthcare sector are likely to re-occur and worsen over the coming years. This could further erode confidence in the system, contribute to poorer patient care and potentially undermine healthcare outcomes.

Now is the time to strategically target investments in healthcare. These can be big and small to tackle these challenges. Investment is needed in providing new, additional capacity and upgraded facilities across acute hospitals, social and older persons care, primary care and mental health services. Additional resources will be required to ensure adequate equipping and commissioning of such facilities. Projects such as the National Children's Hospital must be completed, and construction must resume on all projects currently on hold. The impasse over the relocation of the National Maternity Hospital must be immediately resolved, allowing this much-needed project to advance. Investment in key areas such as oncology units in Beaumont Hospital and University College Hospital Galway should be progressed. Government should ensure a speedy conclusion to the procurement process for the HSE Community Nursing Units, a PPP project with a capital value of €150 million.

Healthcare in Ireland is a complex mix of publicly and privately funded services. The debate over the implementation of Sláintecare will continue. This should not be a barrier to transforming healthcare provision across Ireland, matching the service user expectation for enhanced services. For example, additional investment in primary care centres through PPP or leasing models should be explored. These are an important channel for decentralising healthcare services, bring them closer to the population. Government should support the use of telehealth technologies. Telehealth can play an important role in treating non COVID-19 patients in a non-hospital setting. Finally, innovation is essential to the healthcare sector. Government must take full advantage of the opportunities to facilitate innovation across the sector through pre-commercial procurement tools (e.g. SBIR scheme) funded nationally and through EU research programmes.

3.4.4 Delivery and financing

Accelerating infrastructure delivery

Accelerated delivery of infrastructure projects is required. The stop-start trend that has plagued past national development plans must be tackled head-on. Progress necessitates the urgent removal of barriers to delivery. Government commitment is not enough. The challenges detailed above highlight the priority is to get projects delivered much more rapidly.

The reprioritisation of projects under the NDP represents better decision-making but this must be accompanied by better delivery. As an initial step, the project approval process needs to be expedited. Public procurement can be further streamlined and changed approaches would speed up the process. Government must also assess the impact the crisis has had on their current contractors and their supply-chains. In addition, it must conduct a new market assessment of capacity and capabilities of industry to deliver. This should be used to inform project sequencing under the NDP.

Confidence in the ability to deliver key infrastructural projects is undermined by the planning system. It requires ongoing reform. Digitalisation of the planning system should be progressed. This would provide business continuity to planning in Ireland and allowing it to operate more efficiently. Planning applications for key projects delayed due to the crisis must be prioritised when clearing the backlog. Unnecessary and costly delays caused by the planning system, including the judicial review process, must be kept to the minimum. Government must enable faster project commencement through the internationally recognised ‘deemed consent’ model for discharging planning conditions. Finally, the ability of local authorities to frustrate the delivery of key projects must be minimised.

Partnership for infrastructure

Although Government is the principal funder of national infrastructure projects there is a need to embrace a greater diversity of funding and co-funding options. Non-Exchequer funding sources need to be fully integrated into long-term national infrastructure planning. We must continue to exploit the potential funding from the EIB, ISIF and other sources for national, regional and local projects. Local authorities should be encouraged to access international funders to deliver projects locally. This could be coordinated regionally.

A new partnership approach based on using non-Exchequer funding models such as PPP should underpin the delivery of key projects over the coming years. This offers a cost effective means of spreading public funding over a greater number of projects. PPPs have been used to date in the transport, education and civic building sectors. Investment opportunities will increase over the coming years for the right projects and if we can provide greater certainty of delivery. Concession-type arrangements, including those generating user-charges, should be prioritised in the future. Other partnership models such as 'alliance contracting' could be considered for less complex or smaller (>€50 million) projects.

We must leverage the competitive funding streams introduced under Project Ireland 2040 such as the urban and rural regeneration funds. Successful draw-down of these funds will require strong local public-private partnerships. Calls under these funds should be increased during the recovery phase. These could form the basis of developing strong local and regional projects that could leverage international funding as they scale. Specific co-financed town centre renewal funding should be introduced to reboot and reimagine urban centres.

Finally, it must be recognised that infrastructure across the country is not solely funded, provided and operated by Government. Key areas such as energy and telecommunications are provided by industry. Specific incentives should be adopted to encourage further non-Exchequer investment such as exemptions from local authority charges.

3.4.5 Phased policy action for investing in socio-economic sustainability

Phase 1 actions required in the next 100 days

1. **Bring forward projects under the National Development Plan 2021–27:** Prioritise immediate commencement of shovel-ready projects and programmes. Conclude procurement processes for all infrastructure-related projects (e.g. business case; procurement advice; construction etc) contractors. Undertake a social housing construction and acquisition programme.

2. **Launch a national maintenance programme:** Government should launch a national maintenance programme for State-owned infrastructure across all sectors during the transition phase.

3. **Urgently address the delivery imbalance:** Publish a clear statement on tackling the efficiency of the infrastructure process alongside the NDP review. Far too many projects have experienced significant delays. Streamline current procurement practices and use new approaches, reducing costs and delivery time. The entire planning system must better support timely decision-making. Project delivery timelines should be reduced by up to 50%.

4. **Unlock non-Exchequer investment in infrastructure provision:** Introduce government-backed exemptions to local authority charges to unlock non-Exchequer investment in infrastructure such as housing, renewable energy and 5G. Issue Government guidance minimising the ability of local authorities to frustrate the delivery of national priorities through zoning, local charges and other policies.

5. **Work with business to maintain capacity to deliver:** Government must support businesses with public contracts through the current crisis, maintain liquidity across supply chains and protect jobs ensuring business continuity during the recovery phase. Undertake a new market assessment exercise to understand current and future supply chain issues, particularly impact the crisis has had on the construction sector.

6. **Accelerate the project commencement:** Enact the 'deemed consent' model for housing, allowing faster project commencement to occur. Resume progress on the Housing and Planning and Development Bill. Facilitate stakeholder dialogue, including business and the legal profession, to minimise costly delays in completing judicial reviews.

Phase 2 actions required by end of 2020

1. **Refresh and reboot the NDP:** Projects should be categorised according to their ability to support the national recovery effort, with a focus on fiscal stimulus through well prioritised infrastructure investment.

2. **Increase the NDP budget by €25 billion over the lifetime of the plan:** The level of investment ambition in the NDP should be significantly increased and supported through Exchequer, private and international financing sources.

3. **Publish a new PPP project pipeline:** Published as part of the reprioritised capital expenditure, the PPP project pipeline must use innovative partnership models in order to fully leverage non-Exchequer investment opportunities. It should include Dublin Metrolink, new social housing bundles, housing delivery through the Land Development Agency and projects in education, health and justice sectors.

4. **Place regional development at the heart of recovery:** Create a €200 million annual "town growth fund" to support the revitalisation of town centres. Funding can be sourced from local resources but based on a match funding principle. Projects will be funded through a competitive bidding process. It would unlock a minimum of €1.2 billion investment over three years.

5. **Ensure the National Planning Framework is fully implemented:** Ensure all local authority development plans are aligned with the National Planning Framework by the end of 2020.

6. **Deliver quality and affordable homes:** Put in place a new long-term national housing strategy to deliver quality and affordable homes. Complete the legislative passage of the Land Development Agency Bill before the end of 2020. Develop a new public procurement strategy to speed up the delivery of social housing and to support innovation in the sector by using modern construction methods.

Phase 3 actions required by 2023

1. **Roll-out of re-prioritised National Development Plan:** Deliver re-prioritised projects and programmes for capital investment in health, housing, public transport and sustainability. Regional mapping of re-prioritised projects, including planned timelines and project status, should be provided. Updates on regional capital expenditure should be published annually.

2. **Reform the planning approval system:** Key infrastructure projects, including housing, should not be impeded by unnecessary and costly delays. The process must run more efficiently, with statutory timelines adhered to.

3. **Reinvigorate regional development:** Dramatically increase the availability of regional and local development funding to deliver on the ambitions set out in the regional spatial and economic strategies. Bring forward the full €3 billion of expenditure on the Urban Regeneration and Development Fund and the Rural Regeneration and Development Fund by the end of 2023.

4. **Support ambitious urban transformation projects:** Ireland's five metropolitan city regions and key urban centres should continue to champion strategic regeneration projects through the development of new large-scale urban areas, employment centres and innovation quarters, which seek to physically connect enterprise with the generation and housing of knowledge and skills.

Reimagining ways of living, working and doing business 3.5

The crisis will accelerate a move to telehealth and remote patient monitoring.

3.5 Reimagining ways of living, working and doing business

One clear outcome of the crisis is a new appreciation for what is required and possible in a modern economy. The public health measures imposed big changes on how we all live, work, and socialise. Entire business models changed overnight as remote working and social distancing became the norm. All were forced to show innovation and flexibility to adapt to this new reality. While some thrived, others struggled as the crisis exposed critical weaknesses and inequities. It laid bare gaps in our digital infrastructure and online readiness, the environmental cost of our economic growth, core failings in our early learning and childcare structures, and years of under-investment in public services. Solutions to these problems must be built into the recovery to ensure our long-term well-being and competitiveness. While reimagining the way we work, live and do business has a wide range of factors to consider, the focus here is on three distinct elements, the future of work; digitalisation and sustainability.

3.5.1 A reimagined future of work

The crisis has accelerated the pace of change towards the future of work, one that was already being impacted by globalisation, rapid digitalisation, changing lifestyles and consumer preferences. The ability of organisations, government and society to respond to existing and post COVID-19 challenges and build upon the learnings of the crisis will determine how businesses prosper, and shape our society and living standards for generations. This reimagined future of work will require a greater focus on where, when and how we work. In addition, two structures that require particular focus as they facilitate and support the functioning of the labour force, include that of care and mental health and wellbeing.

Changes in how we work

Prior to the crisis, many organisations struggled to embrace remote, home or flexible working arrangements with certain roles or positions deemed unsuitable to deliver outside traditional work domains. However, social distancing and the capability of technology has facilitated a change not only in how and where we work, but a re-prioritisation of work-life balance and a stronger, more inclusive workplace. Our research found that the ongoing use of remote working (73%), flexible working (56%), changes to physical workspaces (61%), as well as employees' changed approach to work life balance (46%), were all identified as key long-term implications of this crisis for business in general. This more output driven model of work can support greater work-life balance and improve productivity and can facilitate greater engagement of working parents, carers, and people with disabilities.

Childcare

As the economy re-emerges from the crisis it is essential that the early learning and childcare sector (ELC) is supported to develop in a stronger structural position particularly given the reliance of many working parents, and the impact on female labour market participation, on these services. Government interventions have included subsidies of 100% of employee wages and a percentage of staff costs for providers to offset running costs to ensure the survival of the sector.

However, the cost of childcare in Ireland remains among the highest of the OECD countries, largely due to significant State subsidies internationally. Parents are impacted by the costs of quality care; employees in the sector are low paid and lack a clear career path; while many providers are struggling to sustain businesses under significant administration, inspection and regulation demands and increasing commercial rates and insurance costs. Despite increased State funding, Ireland fails to meet the EU average or UNICEF targets, yet direct payments to parents in the form of child benefit are the second highest of any OECD country but poorly targeted with about 17% of payments or €330 million going to households earning more than €100,000 per year.

Mental health and wellbeing

The impact of COVID-19 and other crises on mental health and wellbeing has been acknowledged by all stakeholders. There have been multiple strains on mental health as a result of the pandemic, caused by concern for personal or loved ones health; separation due to social distancing; concerns around job and financial stability and the absence of certainty. The experience of the crisis, illness and death will leave an impact on individuals for some time to come.

However, further shocks will face our employees and employers including the challenges of the future of work, large scale automation and certain jobs becoming obsolete. Supports for personal wellness in the immediate aftermath of the crisis, in addition to greater investment in resilience approaches will enable the workforce to maintain their wellbeing and increase our adaptability to prepare for future crises from a stronger foundation.

3.5.2 Phased policy action to reimagining ways of living, working and doing business

Phase 1 actions required in the next 100 days

1. **Provide supports for employers to enable employees to carry out work remotely on an ongoing basis:** This will encourage continued uptake of alternative ways of working and may include training, employer incentives and infrastructure.

2. **Reform the funding model for ELC Scheme:** This will ensure a sustainable and efficient model that meets the needs of parents, children, employees and providers.

3. **Appoint a Minister of State for Mental Health:** This will enable urgent focus to be placed on the needed implementation of reforms in services and develop an ambitious programme with sufficient resources in this key area.

4. **Develop and promote mental health programmes:** This will facilitate the continued development of personal and organisational wellbeing both to recover from the impacts of the crisis and with a particular focus on adapting to change and uncertainty.

Phase 2 actions required by end of 2020

1. **Address the technological demands and practical governance of a reimagined workplace:** This will support the technological challenges faced particularly by older and low-skilled employees, and also address any structures that inhibit employees accessing flexible work and varying their working days to suit their work-life balance needs or the demands of different time-zones.

2. **Introduce a two-tier child income support system:** By maintaining the existing child benefit payment for low income families and tapering payments off for higher income families this would enable savings to be ringfenced for ELC services and to evaluate and enhance the sector.

3. **Develop and roll out resilience programmes nationally:** To ensure the future readiness of employees and employers with regards to radical change and crisis it is essential that investment in resilience occurs to achieve a stronger foundation to pivot from.

Phase 3 actions required by end of 2023

1. **Create one inspectorate for the ELC sector:** this would enable an all-encompassing audit incorporating multiple learning and care inspections (e.g. Pobal, Tusla, Department of Education & Skills, Better Start), reducing the duplication and administration burden on providers and employees, enabling them to concentrate on the care and education of children.

2. **Increase spend in mental health services to 10% of overall health spend:** this would help address the significant gaps in mental health services in line with international standards and address the need for quality crisis supports in service provision.

3.5.3 A Smarter Ireland for quality jobs, enhanced services and well-being

The impact of COVID-19 and where we are now

Digital tools are essential, not optional services to our economy and society. Digital tools enable us to connect, work, study, shop, and access public services in these difficult times. Digital tools and data are assisting and enhancing healthcare provision during this emergency.

Ireland had made progress in its digital development going into this crisis. However, gaps and divides exist in our relative readiness to access and adopt existing and emerging digital opportunities for future growth and well-being. Challenges arose for some in accessing digital opportunities, during this emergency and the attainment of digital skills and bridging regional digital divides have grown in importance. The ambition of the National Broadband Plan and opportunities presented by 5G must be realised. Disinformation about 5G and physical attacks on essential digital infrastructure are deeply unhelpful. Criminal elements have also sought to exploit the crisis using digital tools. This underlines the need to preserve trust and protect our essential services, businesses, and people online. Finally, this emergency, has shown the value of government, agencies, businesses and citizens working together, both at home and internationally, to drive positive change in difficult times.

Our economic future is intrinsically linked to the ability of our health and wider governance systems to confidently model and plan for the phased re-opening of the country, and robust enough for the potential re-emergence of such emergencies in the future. Trustworthy digital tools and data, used in conjunction with a suite of other health measures, offer the opportunity to assist Ireland and Europe in transitioning from this emergency to quality jobs and enhanced well-being. Our research indicates a business move towards more online sales (31%), coupled with greater use of remote working (73%) and increased investment in technology (42%), pointing to a more digitalised way of conducting business into the future. We must work together to lock-in positive digital developments and address challenges to accessing and adopting further digital opportunities.

3.5.4 Phased policy action for a smarter Ireland for quality jobs, enhanced services and well-being

Phase 1 actions required in the next 100 days

1. **Appoint a Minister dedicated to Digital Affairs:** who, with a resourced interdepartmental structure and meaningful mechanisms for public-private engagement on digital affairs, co-ordinates with colleagues and An Taoiseach in driving a whole of government approach to lock-in positive digital developments and address challenges to the digital readiness and resilience of government, public services, businesses and citizens. The OECD recommends a whole of government approach with structured stakeholder engagement in implementing successful digital transformation.

2. **Protect services, business, and citizens, and preserve trust online:** by resourcing and implementing the National Cyber Security Strategy. Engage and deepen our cybersecurity ecosystem. Ensure national cyber security and data protection capabilities are adequately resourced. Support the uptake of trustworthy data-driven solutions by protecting people's privacy, security and safety as they connect from home and as governments and healthcare authorities fight the spread of the disease.

3. **Use data and digital to protect public health:** empower citizens, aid the understanding and treatment of COVID-19, target the delivery of vital healthcare resources, save lives and ultimately help people transition safely back to work. Use data to help public health authorities make informed and effective decisions on social distancing policies and healthcare capacity needs. Use trustworthy technology responsibly, in conjunction with a suite of other health measures.

4. **Intensify support for digital innovation and entrepreneurship:** encourage and engage business, large, small and start-up, in further digital transformation. This crisis has highlighted the need for enterprise to be digitally agile. Potential for enhanced voucher schemes to further support the digital economy should be examined.

5. **Help educators and students to adopt remote learning:** ensure that lack of access to technology does not exacerbate inequality amongst learners.

Phase 2 actions required by end of 2020

1. **Resource and implement expected digital and AI roadmaps:** signal and enable further digital opportunity across our government, public services, business and for individuals. Establish a time-bound artificial intelligence (AI) advisory council of relevant stakeholders to support government as part of the national economic recovery. Trustworthy AI is recognised by the EU and OECD as a strategic technology stream for enabling future economic growth and well-being.

2. **Act on the Cruinniú GovTech report findings:** for enhanced public services and growth. Lead and invest in online Government services and the digitalisation of public service delivery for organisations and citizens. Address any administrative barriers to procurement in digital services, including Cloud. Provide a catalyst for further growth with economic and societal benefits.

3. **Support high-value manufacturing for quality jobs:** introduce accelerated capital allowances for a number of areas of advanced manufacturing (including computerised/computer aided machinery and robotic machines). Ireland has the second lowest density of industrial robots in the EU15, despite them being strongly linked with increased productivity. Invest in a strategic Advanced Manufacturing RTO model to support technology diffusion, skills and training development and research commercialisation to enhance innovation and employability across the sector.

Phase 3 actions required by 2023

1. **Shape evolving international digital policy conditions:** to enhance growth and well-being, intensify work with partners in the EU, OECD and standardisation bodies. Shape a market-friendly digitalised Europe that delivers quality jobs, services and enhances well-being. Prioritise an EU-UK mutual adequacy decision in a future relationship post-Brexit. Ensure the post-Brexit relationship enables continued data flows, digital innovation and trade.

2. **Invest, foster and attract necessary digital talent:** enable everyone to gain the necessary skills and realise their potential in a digitalised recovery. Attract mobile digital talent and continue reform of visa and work permit processes.

3. **Enhance secure connectivity:** enable digital readiness and resilience for everyone. Deliver the ambition of the National Broadband Plan. Create a supportive regulatory environment for the roll-out of 5G, an important technology for enhanced connectivity, growth and well-being.

4. **Position Ireland to realise emerging digital opportunities:** ensure national R&D capabilities for digital, data and resource innovation are adequately co-ordinated and resourced. Ensure strong collaboration between government, industry, and the research ecosystem.

3.5.5 A sustainable Ireland

The enforced slowdown in travel and economic activity has led to a dramatic fall in greenhouse gas (GHG) emissions and air pollution. Global GHG emissions are now expected to fall by 5% this year, the largest single year reduction since the end of World War II. Meanwhile, in some Dublin areas, nitrogen dioxide and particulate matter levels are half what they were a year ago. These gains, although temporary, reveal the extent to which our economic and environmental fortunes are interlinked. Our economic model remains wedded to high emissions growth, and we failed to break this link in the last economic recovery.

Breaking this link is vital to our long-term wellbeing and international competitiveness. It will not be easy. It will require a complete transformation in how we travel, use energy, design products, run factories, manage logistics, build communities, and interact with our living environment. It will also mean a major step-up in investment. But the crisis has also shown us great examples of resilience and businesses adapting to very challenging and rapidly changing circumstances. With the right supports, it is in our capacity to break the link and move to a circular, resource smart, low carbon economy. This time, sustainability must be firmly built into our economic recovery.

‘The reboot must be more than a return to business as usual. It’s an opportunity to build a more sustainable, resource-smart, competitive economy.’

Dr Leisha Daly

Senior Director, Government Affairs & Policy, Supply Chain EMEA & Johnson & Johnson Ireland and Chair of Ibec’s Energy and Climate Committee

3.5.6 Phased policy action for a sustainable future

Phase 1 actions required in the next 100 days

1. **Adopt the Climate Action (Amendment) Bill 2019:** put a 2050 emissions reduction target firmly in Irish law and introduce a robust governance framework for emissions reduction, biodiversity protection, and air quality improvement.

2. **Build a national consensus on climate action:** work with stakeholders through the proposed social dialogue model to agree an emissions reduction pathway that is ambitious, cost-effective, and equitable. Build on this mandate to increase the pace of climate action decision-making.

3. **Progress the development of the Circular Economy Action Plan:** set an ambition to make Irish business world leaders in resource efficiency and sustainable value creation. Identify specific short-term deliverables to build early momentum.

Phase 2 actions required by end of 2020

1. **Set a new 2050 Greenhouse Gas emissions reduction target:** Work with stakeholders and modelling experts to set a new long-term target that is ambitious but achievable, and helps Ireland make a fair contribution to the delivery of a net zero Europe.

2. 1. Establish continually reducing carbon budgets: Drive low carbon investment and bring greater accountability and visibility to Ireland's emissions reduction obligations.

3. 1. Drive low carbon investment through new supports: Address the market failure in sustainable finance by scaling up supports and funding for businesses and communities looking to improve their carbon footprint.

4. **Establish in law a gradual upward carbon tax:** Set out a clear signal for low carbon investment and give businesses and citizens the time and resources to reduce their exposure to the tax and transition to a low carbon society.

5. **Roll out an ambitious national deep retrofit programme:** Deploy a new delivery and financing model, increase annual funding to €600m, and use the recovery phase to begin upgrading large sections of our building stock to B1 and A BER ratings.

6. **Develop an active market for high quality secondary materials:** Set robust quality standards and introduce new tools for industry to share supply chain information and cooperation on asset sharing and material reuse.

7. **Publish the National Blueprint for Sustainable Finance:** Follow up on the Ireland for Finance ambition to make Ireland a global hub for international ESG fund management, green bond placement, climate finance innovation, and sustainable infrastructure investment.

Phase 3 actions required by end of 2023

1. **Publish a roadmap for implementation of the circular economy:** Expand supports to eliminate waste and transition away from the 'take, make and waste' linear economy. Include timelines for right to repair, and single-use product substitution, and the phase out of non-recyclables with viable alternatives.

2. **Finance the development of the circular economy:** Expand circular economy training and skills programmes and introduce seed funding for businesses to help build cross sectoral partnerships and exploit asset sharing and reuse opportunities.

3. **Launch an integrated agriculture and land-use strategy:** Develop a new framework for smart, sustainable, and carbon efficient land use. Use this to expand the bio economy, meet emissions targets, build greater profitability and value in the agri-food sector, and support wider rural development.

EU and International opportunities and priorities 3.6

3.6.1 The impact of COVID-19 and the way we are now

Ireland working with our European partners should take a coordinated approach to exiting the crisis. Our exit strategies must support open trade and efficient supply chains, both within the EU and with our international trading partners. It is essential that Ireland works with like-minded member states to prevent any misguided protectionist tendencies emerging within the EU single market. It is also vital that the EU continues to play a leadership role in multilateral fora, such as the G20, WTO and OECD. Ireland and the EU need to work with key trading partners, especially the UK and USA, to boost confidence in global markets, reduce tariffs and non-tariff barriers to goods and services trade. Inward-looking European and global responses would only slow economic recovery and restrict business opportunities to the detriment of our societies.

3.6.2 Priority areas for the European Union

EU solidarity is critical in fighting the virus and securing sustainable long-term economic recovery for business and society. The EU and member states must support each other and use every available tool to succeed in rebooting our economies. We must consider how the virus impacts planned initiatives and how EU resources, including the Multiannual Financial Framework (MFF) and international partnerships, can best be deployed to facilitate a rapid economic recovery.

A Single Market with no obstacles or barriers

An integrated EU Single Market is an essential condition for industry and business competitiveness. However, many obstacles remain and the crisis has increased the barriers faced by business. Barriers that companies encounter often result from unintended impacts and divergent implementation of regulations or a lack of harmonisation. COVID-19 has restricted supply chains and impacted the movement of goods and services within the EU.

International trade supported by strong partnerships with the UK, USA and others

Trade is essential to support jobs for our citizens and for business to thrive. The crisis has created enormous uncertainty and barriers to trade. To keep trade flowing we must boost confidence in global markets and keep supply chains moving. Further export restrictions and trade barriers will only make recovery harder. Close, positive relationships with the UK and USA will be critical for a strong economic recovery.

Future EU-UK Relations and the all-island economy

Ireland should work closely with all parties to ensure a successful conclusion to the negotiations on the Future EU-UK relations. Responses to the crisis and exit strategies will also impact on all-island business and employment. Facilitating new North/South coordination and collaboration will be vital to strengthen our all-island economy and protect the Good Friday Agreement. Facilitating East-West trade is also critical for Irish business, given the importance of the UK market and transit links to other European countries. The speed of economic recovery will be entwined with the implementation of the Ireland/NI Protocol and negotiations on three new trading relationships (EU/UK, EU/US and UK/US).

Irish and EU relations with the USA

Ireland must work with EU and US partners to strengthen the transatlantic relationship. Trade policy can support conditions for business recovery on both sides of the Atlantic. Recent positive initiatives to address global trade issues can be built on e.g. SOEs and state subsidies. Both sides must resolve through negotiation disputes such as the large civil aircraft dispute and achieve the removal of harmful tariffs.

Threat to globalisation and global supply chains

Numerous countries across the world have responded to crisis related supply challenges by imposing export restrictions and bans, disrupting established supply chains. This has led to a questioning of globalisation and resilience of global supply chains. There is significant risk to the Irish business model if protectionism and the concept of ‘safeguarding’ supply of certain goods becomes pervasive. Shortening supply chains does not equal security of supply.

Leveraging EU funding sources to finance recovery and growth

Ireland needs to embrace a greater diversity of funding and co-funding options. We must build on our past track record of successfully utilising European Investment Bank (EIB) finance, EU research framework programmes, regional and cohesion funding to support economic development across the country. EIB and the Council of Europe Development Bank represent key funding sources that should be explored. The EIB offers funding for long-term capital investment support the resilient, green and digital agenda. It provides diversified funding streams available for dynamic and growing businesses, which COVID-19 emergency measures to alleviate liquidity and working capital constraints for SMEs and mid-caps. The EIB must be allowed to invest in sectors particularly impacted by the crisis such as tourism, hospitality and leisure. These are critical to the national and European economy but are currently prevented from fully accessing EIB finance.

3.6.3 Phased policy actions for EU opportunities and priorities

Phase 1 actions required in the next 100 days

1. **Encourage continued adaptation of the European State Aid framework:** This can accelerate recovery by supporting business and introducing liquidity into the European economy. Support companies to access the €200 million scheme introduced by the Irish government under the temporary framework. Ensure the expected gap in supply of export credit insurance does not impact on the ability of Irish firms to export by introducing a new scheme covering short term export credit insurance. The EU State Aid framework should be further adapted to support companies in need.

2. **Engage with EIB to ensure COVID-19 supports are accessible to business:** Government must do everything to ensure business has clear pathways to the supports available at this unprecedented time. All impacted business sectors should be allowed access to EIB finance.

3. **Reduce overall regulatory burdens and costs:** This would give priority to timely, proportionate and cost-effective EU initiatives at a time when businesses are fighting for survival. Present a revised and future-proofed Commission work programme with innovation and investment-friendly regulation which benefits society at large. Recovery time would give business space to work towards key EU initiatives such as the completion of the Digital Single Market, worth an additional €415 billion a year to the EU (or approximately 4% of EU GDP).

4. **Advocate for rapid agreement on a revised and ambitious multi-annual financial framework (MFF):** that would increase funding for innovation under Horizon Europe and maintain a CAP that supports rural communities. Ireland has been a net contributor to the EU budget for several years (2018: €256m, 2019: €720m) giving us greater leverage to speak up for our priorities.

5. **Ensure full and uniform implementation of 'Green Lanes':** This would provide clarity on internal EU border management measures. Free movement of goods and services is worth €985 billion annually, with goods representing 75% of intra-EU trade. Efficient supply chains are essential, securing better access to containers and freight at reasonable prices. Customs simplifications can be used to keep goods moving as well as address business liquidity concerns and ease the administrative burden on business.

6. **Collaborate with EU partners for a progressive return to business operations:** This will enable evaluation of existing channels for business continuity and investigate solutions for a stepped return to normality, taking note of best practice. For example, the EU should lead on coordinating the reboot of aviation between member states and with international partners. This will be essential to restart flight operations and restore connectivity. European airports and aviation partners support more than 12 million jobs and generates more than €675 billion in GDP each year, equal to over 4% of GDP of Europe.

7. **Free movement of workers is paramount to recovery:** The removal of obstacles to labour mobility will help solve unemployment and labour shortage in the EU. Only 4.1% of EU citizens of working age work or reside in a Member State other than their own. Transparency and access to information on rules applied to workers in member states is critical to business operations. Seasonal labour is important for agriculture and food supply and transport workers are essential to keep supply chains moving.

8. **Work closely with UK and EU on implementation of Ireland / Northern Ireland Protocol:** This will require strong input to the 'Specialised Committee' to define clear recommendations. Consultation with business will be critical to facilitate trade and support economic recovery on an all-island basis. Cross-border workers and employment should also be a focus of the easing of COVID-19 movement restrictions.

9. **Expand activity by Good Friday Agreement institutions:** Reenergising the North/South Ministerial Council to address urgent issues with all-island business. Strengthen resilience of North-South and East-West supply chains and support development of an all-island social dialogue.

Phase 2 actions required by end of 2020

1. **Champion the level playing field of the EU single market:** Collaborate on the continued reopening of internal borders to facilitate cross border supply of goods, services, and movement of people. The Single Market accounts for 70% of economic activity and supports 56 million jobs in the EU. Realising the full potential of the Single Market would deliver annual economic gains of nearly €1 trillion and an extra 1.3 million jobs each year.

2. **Financial markets need to stay open and liquid:** and all policy measures must focus on the need to ensure that they do not become in any way frozen. The ECB should continue to do 'whatever it takes' and stand ready to extend the Pandemic Emergency Purchase Programme (PEPP) as long as economic conditions justify. This should include a continued extension of the corporate sector purchase programme (CSPP) to non-financial commercial paper and intensify work with domestic central banks to ensure companies are aware of how they can access the CSPP.

3. **Advance as a priority consensus with partners on a new EU fiscal framework:** including a significant review of the fiscal rules to reduce pro-cyclicality and enhance support for public investment. Establish a new EU funding centre of excellence within the Department of Public Expenditure & Reform to assess, analyse and pursue EU funding sources that could be competitively secured by Irish entities, be they public or private.

4. **Work with international partners to reduce trade barriers:** The removal of export bans and restrictions that were introduced in response to this crisis will make doing business easier, boost growth rates and contribute to the recovery. More than 60 countries have restricted exports of essential goods, including agriculture and food products. Government should work with EU and international partners, especially the USA, to advocate the suspension of tariffs on essential products and the removal of recently introduced tariffs on all goods at bilateral and multilateral level, including the mutual elimination of tariffs on transatlantic trade imposed as a result of recent disputes between the EU and US.

5. **Equip the EU with the right trade toolbox:** This will enable the EU to release the full potential of bilateral trade agreements and to represent European interests at international level. Government should liaise closely with Irish business on the implementation of the Investment Screening Regulation in Ireland and establish a mechanism for engagement with the incoming EU Chief Trade Enforcement Officer.

6. **Advocate for a close, ambitious EU-UK trading partnership:** and support extension of the transition period as necessary. The UK remains a key trading partner and transit route to continental markets for Irish business, particularly for the agri-food and SME sectors. Also, proactively minimise risk of economic divergence at all island level, where COVID-19 or other measures have created obstacles for business operations and connectivity.

7. **Collaborate with other member states on research, funding and procurement:** of medical equipment, vaccine development and treatment programmes to quickly advance to the recovery phase. Encourage Member States to invest in innovative projects which increase capacity and secure the EU against future outbreaks and crises.

Phase 3 actions required by end of 2023

1. **Collaborate with like-minded member states to build the case for a more significant joint response capability for future crises:** Learning from this crisis, we need a focused discussion on reform; joint debt issuance in the right circumstances or a European unemployment insurance scheme.

2. **Strengthen the long-term stability of the EMU to handle asymmetric shocks:** and support European economies through a euro area public investment stabilisation fund. Eurozone members represent 85% of total EU GDP, and currencies of 60 countries are pegged to the euro either directly or indirectly. Robust and increased fiscal capacity is paramount in overcoming future crises. We have a responsibility to build on the lessons of this crisis and further develop positive initiatives.

3. **Promote an open, united EU:** as an export led economy, we are dependent on an open trade and investment policy at EU and national level. Global economic growth will enable Irish business to retain jobs and recover.

4. **Ensure protectionism does not dominate:** Trade and industrial policy should not prioritise 'renationalising' supply chains or 'reshoring manufacturing' to the detriment of global value chains that have evolved over decades. Where it is considered necessary to build resilience in to supply chains essential to e.g. public health, any actions should be proportionate, targeted and non-protectionist.

5. **Leverage significant public and private investment opportunities:** the EU has made financial resources available to Member States. Government and its enterprise agencies, in collaboration with business, should develop an EU funding strategy to access supports. Additional expertise should be allocated to key enterprise agencies in addition to local and regional authorities.

6. **Deliver on all island infrastructure and connectivity:** Plans must be responsive to new commuting patterns and include more frequent faster intercity trains. They should also expand all-island education and training to up-skill and re-skill individuals to access new opportunities and support emerging businesses models.

4

Sector actions

A key challenge will be creating a balance between company and remote working by investing in suitable technologies.

4. Sector actions

No sector of the economy has been left untouched by the COVID-19 crisis. Some businesses have largely been closed or operating at limited capacity and many had to adapt to changed circumstances. This has not been an option for key sectors of employment such as construction, tourism and hospitality, manufacturing and engineering. Whereas others have adapted to remote working and shifting activities online.

Enterprise will be at the heart of the national recovery effort. Getting the economy and business reopened is just the start. Yes, it will be a phased and sequenced approach. However, it cannot be one-size-fits-all strategy. The make-up of the Irish economy is far too complex and interconnected. Companies are intertwined through national and global supply-chains, spread across a range of sectors and activities. Instead, Government action must be tailored to the needs of different industry sectors.

Businesses across all sectors are experiencing immediate liquidity and credit challenges. Measures are needed to help companies, particularly small and indigenous enterprises, to preserve their cashflow. Measures will be needed to get companies investing during the recovery phase. Cross-cutting tax and pro-enterprise policies will be required. The pace of getting back up to full operations will determine the speed of jobs growth. Continuing to invest in people and up-skilling will allow companies to address current challenges, and position companies to grow in line with the national recovery effort.

Supporting small business

4.1

Small Firms Association

4.1 Supporting small business

The impact of the crisis on small business

Small businesses are present in every village, town and city, and contribute enormously in terms of economic activity. Now, they are closed, have laid off staff, or are working remotely. Recently published Revenue statistics show that two-thirds of Irish small businesses employing less than 10 employees, are now in receipt of the Government Temporary Wage Subsidy Scheme.

If we want small employers to make it through the crisis then access to liquidity is essential. The next government must establish a grant scheme for small businesses and significantly increase liquidity measures. This help would support smaller firms who are either excluded from existing initiatives or who believe the help they have been offered is insufficient.

Phase 1 Actions to support small business in the next 100 days

1. **Create SME Reboot Taskforce:** Open and inclusive engagement between different government departments, agencies, academia, business representatives and the small business sector in Ireland will be most important in contributing to our reboot and growth going forward.

2. **Introduce a cash grant to enable small firms to meet current outgoings:** Address the liquidity crisis by enhancing and introducing new Government-backed loans which are urgently needed by many small businesses. The business community needs to access these cashflow and liquidity measures as quickly and efficiently as possible.

3. **Relieve 100% of business rates for the remainder of 2020, for all small firms, including those that remained open:** Commercial rates are one of the biggest outflows for smaller firms. Central Government must reimburse councils for this holiday, to ensure town and village renewal.

Phase 2 Actions to support small business by end of 2020

1. **Write down debts built up by businesses due to COVID-19 measures in the area of rates or tax:** Action is needed to ensure that small firms reopen and do not go into liquidation.

2. **Reduce the cost of employment by reducing the lower rate of PRSI:** This initiative was successful in sustaining and creating jobs between 2011 and 2013.

3. **Bring back and extend the 9% VAT rate for the hospitality and other related sectors:** Hairdressing, restaurants and cafés will have to make large investments in order to reopen and encourage customers back into their premises.

> ‘We must ensure that the reboot is felt across the country, throughout the economy and that its impact is sustainable and job rich.’

Graham Byrne
Managing Director of Cardinal Capital and Chair of SFA

Phase 3 Actions to support small business by 2023

1. **No increase in the National Minimum Wage and oppose the introduction of a Living Wage:** The introduction of a Living Wage should be postponed until there is greater clarity regarding the impact of COVID-19, Brexit and the ability of business to absorb such an increase.

2. **Tackle the insurance cost crisis facing hundreds of small businesses:** The Personal Injuries Commission found that Irish injury awards are out of line with UK and European norms. Ensure that the provision of the Judicial Council Act 2019 is commenced promptly.

3. **Address digitalisation and ultrafast broadband for SMEs:** 29% of the total turnover generated by Irish SMEs comes from online sales, almost three times the EU average of 11%. On the other hand, Irish SMEs are just near or below the EU average when it comes to adopting other 'e-business' technology (e.g. supply chain management, enterprise resource planning, customer relationship management, radio frequency identification, etc.).

Impact of phased action on small business

The big challenge for small business post-crisis, especially those trading on the domestic market, will be the fragility of the domestic economy and confidence among consumers. To alleviate uncertainty and maintain competitiveness, we must instil confidence in the small business community by introducing debt forgiveness, tax changes to sustain and create employment, support investment and higher consumer spending and control costs. The key to the reboot is investment and resulting growth. However, any growth model must place small business at the heart as they are the drivers of innovation and a permanent source of prosperity, employment and economic progress.

Supporting the retail sector 4.2

Retail Ireland
Ibec

4.2 Supporting the retail sector

The impact of the crisis on retail

Retail has been at the frontline of COVID-19 disruption. Vast swathes of the sector closed, while those parts of retail that traded through the crisis have had to dramatically transform how they operate. The economic impact has been devastating, with many businesses and employees facing an uncertain future. Companies do not have enough liquidity to manage cash flow and the disruption to trade means that most are unable to pay rent, rates and services changes during this period. The economic and consumer landscape retailers will open up into will be very different, which presents further profound challenges in the future.

Phase 1 Actions to support retail in the next 100 days

1. **Additional liquidity supports:** Significant additional emergency cashflow and liquidity measures will be needed to enable retailers to stay afloat. Important initiatives have been introduced, but more will be required as we move through this crisis.

2. **Facilitate rents relief:** A speedy arbitration process, which includes a significant state-backed burden sharing facility, is needed to manage disputes over commercial leases. In addition, forfeiture protection for tenants is required. Sweden has provided a good model to work from.

3. **Implement rates exemption:** The three-month waiver on rates is welcome, but will need to be extended and the eligibility criteria broadened. A six-month exemption for affected retailers, along with a further facility for a six-month payment deferral is needed to support vulnerable firms.

Phase 2 Actions to support retail by end of 2020

1. **Rebuild confidence:** The safety and wellbeing of customers and staff is the priority. Best in class hygiene practises, social distancing management and contactless technology will keep people safe, restore consumer confidence and promote the return to normal consumer patterns.

2. **Safeguard jobs:** Quality retail jobs lost during this crisis may never return if they are not protected during this period. Government economic strategy and support must be tailored and targeted to ensure a vibrant and diverse domestic retail offering, underpinned by a competitive, sustainable cost base. A Government commitment to not proceed with new or additional regulation on the industry as it tries to recover is needed. All efforts must be taken to minimise the damaging impact of Brexit.

3. **Revive communities:** Through reaffirming our sense of community, renewing connections and by supporting each other we can help put the economy back on a growth trajectory. Government and business must work together to set out a roadmap to reviving town and city centres as hubs of commercial and social activity.

Phase 3 Actions to support retail by 2023

1. **Promote quality jobs:** People will be at the very heart of a successful retail sector over the coming years. We need to promote public policy that fosters a dynamic and flexible workforce, supported by an education and skills system with quality retail career paths.

2. **Foster a sustainable business model:** The post-Brexit Irish retail sector must be a global leader in having adapted to the new post-COVID-19 environment, responding to climate change, promoting the circular economy and being at the very heart of prosperous and vibrant communities.

3. **Ensure fair competition:** We must support and maintain the domestic retail sector's competitiveness and ability to grow, sustain jobs and deliver great choice and value to consumers. This will be done through innovation across both traditional and digital retail channels, but increases to the regulatory burden and business costs must be avoided.

Impact of phased action on the retail business

The retail sector faces an array of complex challenges, both short-term and long-term. Immediate supports can provide the time and financial room for companies to survive the immediate shock of the crisis and protect jobs. A determined reboot of the economy will restore confidence and promote the return to normal consumer patterns. While long-term strategic interventions will put in place the foundations for a dynamic, competitive retail sector, which unpins communities across the country for long into the future.

‘The revival of the retail sector will require new thinking and new business models. The successful retailers will be those that adapt and develop an integrated online 2 offline experience.’

Brian Donaldson

CEO of the Maxol Group and Chair of Retail Ireland

Supporting the food and drink sector

4.3

Food Drink Ireland

Ibec

4.3 Supporting the food and drink sector

The impact of the crisis on the Irish food and drink sector

Over 250,000 people work in agri-food and drink and supporting services supplying the majority of produce to Ireland's €15 billion domestic grocery and food service/hospitality sector as well as €13 billion of exports to overseas markets. Our farmers and food processors have continued to supply high quality, affordable food and drink to Irish consumers through grocery and convenience stores. There have been challenges for unpackaged grocery goods and food and drinks companies have seen demand largely disappear in Irish food service and hospitality. Exports are experiencing huge difficulties as well, not just in food service and hospitality, but more generally as displaced product creates market turbulence. Restarting the Irish food service and hospitality sector and regaining export market positions are of critical importance to the Irish food and drink industry for the rest of 2020 and 2021.

'With one in eight jobs linked to agri-food and drink, failure to implement these actions will be damaging to the wider economy and not just the food and drink industry'.

Kevin Donnelly

Chair of Prepared Consumer Foods Council

Phase 1 Actions to support the Irish food and drink sector in the next 100 days

1. **Inject additional liquidity to get the domestic food supply chain back to full operation (including food service and hospitality supply chains) and improve resilience of exporters:** This should consist of a €2 billion State funded zero interest working capital fund, 12-month zero interest loans on State supported schemes, ISIF commercial paper purchase programme of €2 billion, in addition to the Pandemic Stabilisation and Recovery Fund.

2. **Restore consumer confidence and demand:** This should be achieved through the planned and sustained re-opening of the economy and the resumption of commercial activity, particularly the €8 billion food service / hospitality market

3. **Ensure a (temporary) pragmatic approach to application and control of EU Food Law in view of the supply challenges faced by the industry:** These challenges include the possibility of stocks running low, supply of raw materials being interrupted or coming to a standstill, or certain ingredients or packaging material no longer available in sufficient quantities.

Phase 2 Actions to support the Irish food and drink sector by end of 2020

1. **Leverage state backed guarantees to increase the financing available to Ireland's largest indigenous sector:** Extend the proposed SME credit guarantee scheme to cover re-financing, increase the guarantee to 90% & facility cap to €5 million, remove facility premium on credit guarantee and provide State cover for loan interest.

2. **Ensure the expected gap in supply of export credit insurance does not impact on the ability of Irish food and drink firms to export:** Introduce a new scheme covering short term export credit insurance for companies in line with the new temporary state aid framework.

3. **Continue supporting the four freedoms of the EU:** This will ensure free movement of goods across borders and free movement of critical workers including maintenance and seasonal workers. It will also facilitate the continued operation of strategic maritime routes.

Phase 3 Actions to support the Irish food and drink sector by 2023

1. **Encourage a sustainable food chain from farm to fork:** The sustainability credentials of the industry must be recognised and supported, particularly the introduction of carbon abatement measures and reductions in single use plastics and food waste.

2. **Ensure fair competition across the EU Single Market and in international markets:** The sector accounts for 53% of all exports by indigenous Irish manufacturers. An EU/UK free trade agreement with zero tariffs, zero quotas and minimal regulatory divergence is critical as is a fully functioning EU single market and increased international market access.

3. **Protect Innovation, skills, and cost competitiveness:** Innovation and skills are at the heart of meeting consumer needs, improving competitiveness and increasing output. Increase direct public support for business research and development, increase funding for enterprise-led skills development and develop a national action plan for competitiveness.

Impact of phased action on the Irish food and drink sector

Whilst the current business environment for food and drink companies is difficult, it is deeply resilient and the longer-term growth opportunities remain for the sector. However, the immediate and medium-term response must be to ensure the sector is fit for purpose to meet the substantial challenges ahead. Ambitious financing measures are key to aiding recovery in the food and drink sector and are particularly relevant in light of the substantial domestic food service and hospitality customer base and the disruptions in crucial and longstanding export markets.

Supporting the Irish meat sector 4.4

4.4 Supporting the Irish meat sector

The impact of the crisis on the Irish meat sector

The meat processing sector generates annual exports of €4 billion, direct employment of 15,000 and processes the output from some 100,000 livestock rearing farms. It plays a critical social and economic role in Ireland's rural economy. The unprecedented sudden shutdown of the domestic, European and global food service sectors, due to COVID-19, has caused major market disruption, a consequential market collapse - all resulting in major revenue and margin losses for companies and producers. All meat categories are impacted, some more than others.

Phase 1 Actions to support the Irish meat sector in the next 100 days

1. **Continue Temporary Wage Subsidy Scheme:** The TWSS needs to be continued beyond the initial operational period as companies will remain significantly impacted by the continued market disruption associated with the food service sector shutdown. Also, the impacts of social distancing will persist well beyond the 're-opening' of national and EU foodservice channels, thus limiting the pace of market recovery.

2. **Export Credit Insurance:** Processors are currently hampered in trading into active markets due to a credit squeeze caused by COVID-19 related market disruptions. A government guaranteed comprehensive export credit scheme is urgently required to safeguard the exposure food businesses against commercial risk in export markets.

3. **Market support measures:** Either introduce a support measure that addresses the major carcase imbalance created by the loss of sales to food service or alternatively, introduce a targeted direct financial support scheme for those producers who marketed livestock during the Covid-19 period, to mitigate their losses due to the exceptional market failure.

Phase 2 Actions to support the Irish meat sector by end of 2020

1. **Make funds available for investment scheme:** Following EU State Aid approval in February 2020 for a capital grant aided investment programme for primary agri-food processing, funds must be made available to launch the scheme immediately and the level of aid intensity increased. This should be further supported by Government Guarantees/Loans to facilitate the investments.

2. **Market access:** Efforts at DAFM and national level must be further intensified to open new markets and enlarge the range of products and markets eligible for export to international markets for each meat species. Processors have identified access improvements needed and key target markets; resources should be put in place to secure immediate access to these markets.

3. **Securing EU market equilibrium:** Government must engage with the EU Commission to use the resources of the EU promotional budget to drive a consumer campaign specifically aimed at the promotion of consumption of the higher value meat stocks built up during the closure of the food service channel. In tandem with this, the EU needs to limit the surge in beef steak imports which will undermine efforts to reboot the foodservice channel demand.

Phase 3 Actions to support the Irish meat sector by 2023

1. **Introduce FTA with UK:** The Government and EU Commission must ensure that a comprehensive Free Trade Agreement is secured with the UK, which delivers continued unfettered access (tariff-free and quota-free) for exporters. It is essential that the meat sector avoids a detrimental No-Deal trading scenario.

2. **Protect Common Agricultural Policy (CAP):** The Government and EU must work together to ensure that the next CAP is fully funded and that proposed spending reductions are reversed.

3. **Climate change:** While working together to achieve the ambitions set out in the Climate Action Plan, it is essential that the Government recognises the economic importance of the Irish agri-food sector and its role in a green economic recovery. The development of a national programme to support the investment needs of the agri-food industry in transitioning to a low carbon footprint in accordance with the Government's Climate Action Plan, is a key priority.

Impact of phased action on the Irish meat sector

The actions outlined above are essential macro-economic measures needed to stabilise the meat markets; to shield the meat processors and other stakeholders from the worst effects of the COVID-19 shocks; to support producers and processors during the closure of the foodservice channels; to underpin producer incomes short term and to assist the meat sector to be better prepared and competitive when, inevitably, post COVID-19, national, EU and international economies resume normal activities. All these recommendations will be necessary to successfully reboot the sector.

‘The meat processing sector has been severely affected by the closure of food service outlets across the globe.
The measures we have outlined are key to ensuring the full recovery of the sector and rebuilding of market positions as economies begin to reopen’.

Philip Carroll
Chair of Meat Industry Ireland

Supporting the Irish dairy & specialised nutrition sector

4.5

Dairy Industry Ireland

Ibec

4.5 Supporting the Irish dairy and specialised nutrition sector

The impact of the crisis on the Irish dairy and specialised nutrition sector

The primary dairy sector is worth €11.3 billion annually to the Irish economy. DII commissioned EY to conduct an examination on dairy and COVID-19. It found that Irish dairy processors export 92% of all produced products and that three quarters of Irish dairy is exported to the top 15 countries most effected with COVID-19. The spread of COVID-19 has had a dramatic impact on international dairy markets. Product destined for foodservice customers is now flooding into other production areas such as powders and butter. Near term output from the industry could fall by as much as €2.3 billion in value as a result of falling demand and potential losses in processing capacity.

Phase 1 Actions to support the Irish dairy and specialised nutrition sector sector in the next 100 days

1. **Extend EU supports such as Aids to Private Storage:** The belatedly announced scheme was welcome but totally inadequate - needs major extension.

2. **Back the Export Credit Insurance:** Allowed by the relaxation of EU competition law, this would protect Irish dairy exports and underpin the market.

3. **Prioritise COVID-19 testing for ultra-critical technical staff:** This would help ensure that no plant goes down during the dairy supply peak of May and June, which would result in the disposal of milk.

Phase 2 Actions to support the Irish dairy and specialised nutrition sector sector by end of 2020

1. **Extend working capital loans:** Government-backed working capital loans should be extended to processors of €550 million to deal with stock carry over.

2. **Examine the creation of mutual funds:** These funds backed by government, industry and farmers would protect against long-term market shocks. These have been developed in Northern Ireland and the USA.

3. **Fast-track licensing for critical dairy infrastructure:** Work with regulators such as the EPA to fast track licensing for critical dairy infrastructure; ensuring all milk being produced can be processed. At present, there are long unnecessary delays in the process.

Phase 3 Actions to support the Irish dairy and specialised nutrition sector sector by 2023

1. **Invest further into R & D to drive value-added products:** With depleted balance sheets, companies will need assistance to continue research investment.

2. **Support companies to aggressively meet climate and sustainability target:** The climate change and biodiversity agenda will return as the key commercial challenge for Irish dairy at the end of the crisis.

3. **Expand export opportunities:** Enable Irish primary and secondary processing to becomes a key native driver of Ireland's economic reboot.

Impact of phased action on the Irish dairy sector

Irish dairy is one of Ireland's largest indigenous industries and is by far the biggest wealth creator outside of urban areas. We need concrete strategic actions to navigate the COVID-19 threat to the industry and towards the reboot. Irish dairy processing and its suppliers have proven themselves to be very resilient keeping wages and taxes paid to the state as the virus tightened its grip. But at present they are now running at a loss and burning through balance sheets and reserves to keep afloat which is not tenable long term.

> 'Irish dairy is an engine of the rural and the national economy and it is vital that the necessary steps be taken quickly to enable the industry to contribute to the national economic reboot when it occurs.'

Pat Murphy

Vice-President of Operations, Kerry Group & Chair of Dairy Industry Ireland


54 351

Supporting the Irish drinks sector 4.6

Drinks Ireland
Ibec

4.6 Supporting the Irish drinks sector

The impact of the crisis on the Irish drinks sector

The Irish drinks industry has joined the national effort to respond to the COVID-19 crisis in several ways. Efforts include producing sanitising products (or producing alcohol for such products) and making donations. The industry itself has been affected by the pandemic, with the global closure of the on-trade, as well as restrictions in supply to, many off-trade channels (e.g. multiple retailers), which has imposed severe commercial pressures on businesses in the Irish drinks industry; in some cases threatening their future viability. Our visitor attractions (which cumulatively attracted over 3 million visitors in 2019) have also had to close.

Phase 1 Actions to support the Irish drinks sector in the next 100 days

1. **Continue and extend Government financial support:** Reduction in commercial rates on a pro-rata basis to reduction in turnover until full recovery. Greatly enhance state agency supports, e.g. Fáilte Ireland's domestic tourism campaign; Bord Bia marketing supports, etc.

2. **Open on-trade sector:** Without a strong on-trade, many suppliers in Ireland are suffering reduced revenue, profits and employment. Government should include the drinks industry in discussions on best practice in reopening, based on our international experience.

3. **Facilitate the direct on-line sale of product to the end consumer, by micro/craft manufacturers, without minimum volume requirements:** Develop the e-commerce capabilities of our craft sector, align Ireland with the majority of other European countries.

Phase 2 Actions to support the Irish drink sector by end of 2020

1. **Reduce Excise and VAT rates:** Excise decrease to EU average levels and reduction in hospitality VAT rate back to 9% to be extended to include alcohol drinks will support the drinks industry recovery.

2. **Fully re-open on-trade sector:** Establish a hospitality forum for all stakeholders, including the drinks sector, to constantly share best practice and innovate in line with other countries, to maximise the opportunity to return to business as usual asap.

3. **Do not proceed with new/additional regulation on the industry, whilst it tries to recover:** For example, the Public Health (Alcohol) Act 2018. Commitment to have much greater engagement and collaboration with the sector on regulatory initiatives.

Phase 3 Actions to support the Irish dairy sector by 2023

1. **Return to our pre-existing €1.4 billion in exports:** Strengthen Irish Drinks Brands position in foreign markets to rebuild brand awareness and support marketing and sales opportunities, particularly through fully funded brand ambassador programmes. Increase funding to Bord Bia and Enterprise Ireland to support all marketing initiatives.

2. **Ensure a strong, vibrant hospitality and tourism sector:** A substantial emphasis must be placed on securing the return of tourists from the USA, UK, Europe and the Far East.

3. **Maintain a financially strong and sustainable sector:** Maintain supportive budgetary measures to help the sector survive and mitigate any long-term impacts. Introduce small business excise exemption for craft distillers and cider-makers, similar to the scheme which already exists for micro-breweries.

Impact of phased action on the Irish drinks sector

Ireland's alcohol industry is worth over €1.4 billion in exports, supports over 92,000 jobs and contributes over €2.3 billion in excise and VAT to the Exchequer annually. Our industry can only emerge strong from this crisis if both Government and industry stakeholders work together in a proactive and creative way to address arising challenges. The proposed actions will reinforce cooperation between the industry, and the Government and its agencies. This will lead to an agile and data-supported response that will help all actors and simultaneously, protect public health.

Long-term COVID-19 restrictions will completely change the environment in which these businesses operate. Without specific government supports, many businesses may not re-open and high levels of sectoral unemployment will continue.

'The drinks industry has been severely impacted by Covid-19. From the global on-trade closing, to exports slowing and visitor centres closing, revenue streams are under severe pressure and it is vital that a range of supports and measures are put in place by Government, along with a flexible Roadmap for reopening, to support jobs, and to allow the sector to continue delivering for the Irish economy.'

Oliver Loomes

Country Manager of Diageo Ireland and Chair of Drinks Ireland

Supporting the Irish tourism, hospitality and leisure sector 4.7

Ibec Networks

4.7 Supporting the Irish tourism, hospitality and leisure sector

The impact of the crisis on the Irish tourism, hospitality and leisure sector

Hotels, pubs, visitor attractions and businesses across the entertainment, sports and leisure industries have been completely closed. Some restaurants and cafés are operating as take-aways; yet this represents a severe curtailment on activity. Tourism, hospitality and leisure businesses are highly inter-dependent. They also support significant employment through their supply chain such as agri-food producers, the drinks industry, aviation and other transport sectors. They represent Ireland's largest indigenous industry grouping, which generate significant tax revenues and crucially, provide employment right across the country.

Long-term COVID-19 restrictions will completely change the environment in which these businesses operate. Without specific government supports, many businesses may not re-open and high levels of sectoral unemployment will continue.

Phase 1 Actions to support the Irish tourism, hospitality and leisure sector in the next 100 days

1. **Develop a hybrid-financial supports model:** A hybrid model with direct financial supports to pubs, restaurants and hotels, where necessary to bridge the gap between them reopening at all and the level of custom they would need to be profitable, which is not possible with social distancing measures in place.

2. **Retain the Temporary Wage Subsidy Scheme:** The emergency scheme needs to be continued beyond the initial operational period as tourism, hospitality and leisure sectors will endure greater hardship than other sectors. It should remain in place as businesses adapt to social distancing and other requirements.

3. **Secure access to EIB investment:** The eligibility criteria for accessing EIB finance should be extended to include tourism, hospitality and leisure businesses of sufficient scale. The sector is critical to the European economy and must be part of the EIB's strategic response to the crisis.

Phase 2 Actions to support the Irish tourism, hospitality and leisure sector by end of 2020

1. **Extend the commercial rates waiver period:** The Government-backed 'rates holiday' should be extended beyond the three-month period for impacted companies. Extension to individual sub-sectors should be determined on a case-by-case basis to reflect businesses facing extended recovery timelines. Local authority charges to be frozen and restrictions on outside-seating relaxed to allow compliance with social distancing guidelines.

2. **Re-introduce and expand the 9% VAT rate:** This would support businesses in tourism and hospitality industries, with a knock-on effect for all those linked to these industries. It should be re-introduced for a three-year period to support businesses re-opening but also during the recovery phase. It should also be expanded to include all food and drink hospitality related products. This would support employment.

3. **Provide for enhanced domestic tourism promotion:** Increased funding for an ambitious domestic tourism campaign strategy. This should promote staycation, short-stay and day-trip opportunities. Enhance tourism and hospitality through leveraging existing promotional campaigns. Local authorities should better promote local tourism. Provide marketing support to visitor attractions.

Phase 3 Actions to support the Irish tourism, hospitality and leisure sector by 2023

1. **Maintain ongoing flexibility on tax compliance:** Ensure Revenue takes a 'maximum flexibility' approach with long-term debtors where those debts are the result of the COVID-19 related disruption. This may include both long-term payment plans with suspended interest and debt forgiveness in cases where tax debts are the biggest obstacle to business viability.

2. **Provide ongoing grant support for worst impacted sectors:** Introduce a monthly business fixed cost grant for tourism, hospitality and leisure businesses in sectors where the impact of social distancing measures may mean extended closures and longer, more costly, returns to normal trading. This should include activities reliant on large or mass gatherings.

3. **Double overseas tourism marketing:** Target international visitors in the higher spending source markets and segments, which will boost return to employment levels. Develop a short-stay and events strategy. In addition, thematic promotional campaigns should be expanded, and new areas added. Work to achieve relaxation of EU state aid rules in support of re-instatement of air access networks.

Impact of phased action on the Irish tourism, hospitality and leisure sector

Re-opening of businesses across these sectors will not be straight forward. Social distancing will present specific challenges from both operational and demand perspectives. For example, the fall in international visitor numbers will continue into the coming months and years. There is significant uncertainty over when large or mass gatherings will be allowed such as conferences, festivals, sports fixtures and events. The effects of this will be felt across the tourism, hospitality and leisure sectors.

Government must openly engage with businesses right across these sectors. They have often been excluded from government support and grant schemes in the past. This must change in order to retain staff and to keep businesses going. It should be supported by a renewed focus on marketing and promotions at home and abroad.

> ‘Government support will be required to drive domestic tourism in Ireland. People will holiday or seek new experiences closer to home rather than travelling abroad. The consumer sentiment is there, people are seeking to reconnect with family and friends and the tourism industry in Ireland provides the perfect platform. We need to ensure we can open our doors safely when it’s time to do so.’

Tracey Flinter
General Manager, Pearse Lyons Distillery

Supporting the financial services sector

4.8

Financial Services Ireland
Ibec

4.8 Supporting the financial services sector

The impact of the crisis on the financial services sector

COVID-19 has markedly impacted the operations of financial services companies. Domestic institutions have introduced significant measures to support customers through the crisis, requiring major employee-redeployment and the use of capital reserves. For all financial services companies, the vast majority of employees – with the exception of frontline staff - are working from home and continue to support clients nationally and globally. The flexibility of the financial services workforce and the availability of good internet access has been critical to companies' ability to operate during these times. Client and customer connectivity is key. The crisis pressures felt by the sector's clients and customers will impact negatively on the sector, with Q3 and Q4 of 2020 expected to be very challenging.

Phase 1 Actions to support the financial services sector in the next 100 days

1. **Roadmap on the easing of restrictions:** With the release of the roadmap for reopening the economy, Government must ensure businesses can effectively implement any specific Government requirements - flexibility will be needed. Where social distancing can be adhered to, employees should be allowed return to offices as soon as possible.

2. **Insurance supports:** Introduce a State guarantee scheme for trade credit insurance, similar to that of other European jurisdictions such as Germany. Support the family structure by providing a State supported COVID-19 indemnity insurance scheme for childcare workers.

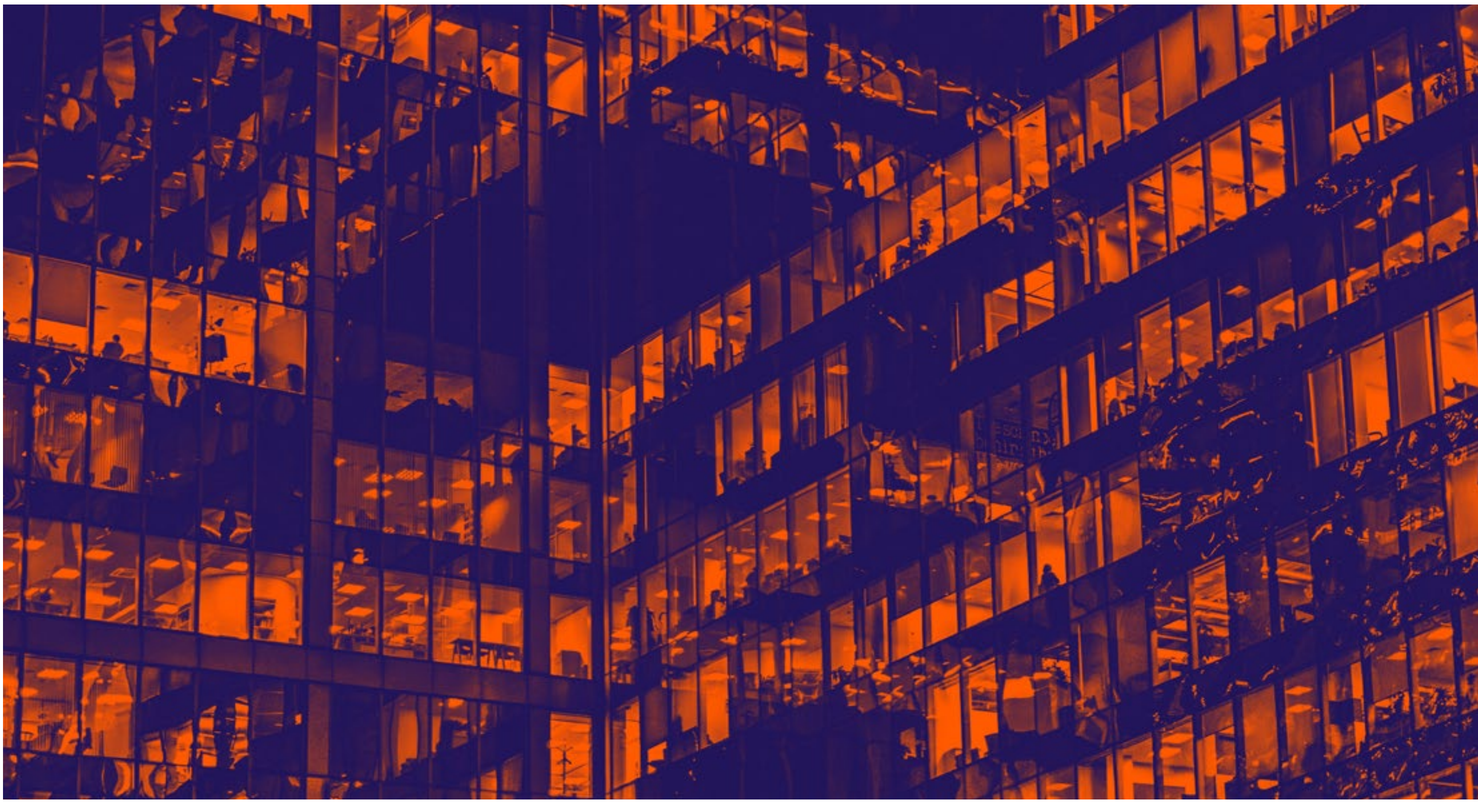
3. **Operational and fiscal supports:** Maintain the CBI's recently introduced regulatory reporting flexibility, stimulate spending in the economy and continue the national policy to support the introduction of Eurobonds.

Phase 2 Actions to support the financial services sector by end of 2020

1. **Support flexible working:** Execute the national broadband strategy to deliver best in class infrastructure. Avoid the introduction of policies that undermine flexible employment models. Remove BIK taxation on professional memberships.

2. **Begin a focused discussion on the treatment of capital:** It should address, in particular, the approach to replenishing the counter cyclical capital buffer.

3. **Accelerate the delivery of actions in the 'Ireland for Finance' strategy:** Provide increased resources in the Department of Finance for its expedited implementation. As a priority, establish the industry/CBI high-level stakeholder forum and support talent development for the sector, through programmes such as the IFS Apprenticeship and Skillnet.



Phase 3 Actions to support the financial services sector by 2023

1. **Maintain the 12.5% corporate tax rate and R&D supports:** Along with high-quality talent and robust regulatory structures, these remain the bedrock of winning FDI.

2. **Develop Ireland's national cybersecurity capabilities:** Consider the establishment of a national cybersecurity agency that manages research & education through to cybersecurity enforcement.

3. **Redouble efforts to advance Ireland as a global financial services powerhouse:** Focus on the themes of technology and finance, sustainable finance, diversity, regulatory pragmatism and talent.

Impact of phased action on the financial services sector

Ireland's financial services sector – from aircraft leasing, banking and asset management, through to insurance, funds, corporate treasury and fintech - has shown a superior ability to compete on a global stage and act as a crucial economic player in the domestic economy. The sector's capabilities remain strong but require policy support and ambition that match the sector's post-crisis growth potential. If we move quickly and decisively, the financial services sector will be well positioned to secure global market share and bolster the national economy. Financial Services Ireland and Aircraft Leasing Ireland will continue to advocate on behalf of members to deliver for the sector and Ireland.

‘The Irish financial services ecosystem has proven its resilience and competitiveness, reaffirming Ireland as a remarkable place to do business. This is also a natural environment to accelerate innovation and change, which will support Ireland’s post-crisis recovery and future growth.’

Furio Pietribiasi

CEO Mediolanum International Funds and Chair of FSI

Supporting the property and construction sector

4.9

Property Industry Ireland
Ibec

4.9 Supporting the Irish property and construction sector

The impact of the crisis on the Irish property and construction sector

As we experienced with the financial crisis of 2008, global economic shocks can have a serious impact on construction and housing. However, a health crisis coupled with an economic shock could have even more severe implications. While the media and Government's primary focus, at present, may no longer be on housing and homelessness or Project Ireland 2040, the demand for housing and the need for investment in infrastructure has not gone away. Annual housing demand in Ireland before COVID-19 hit was 35,000. Last year we built 21,000 homes. With the effect of COVID-19 we are forecasting only 15,000 completions in 2020.

Phase 1 Actions to support the Irish property and construction sector in the next 100 days

1. **Fully re-open construction sites:** All sites should be re-opened on the sole basis that safe social distancing practices can be exercised. Urgent action is required to ensure Ireland continues to tackle its housing and homelessness crisis.

2. **Ensure that the planning system can continue functioning during this period:** The planning system must adopt practices to enhance business continuity and resilience to respond to changed work practices. This includes facilitating community engagement and consultation in the planning system through wholly electronic means.

3. **Avoid fiscal policy that deters institutional investment:** There is a lot of uncertainty already being posed by COVID-19 and Ireland needs investment to continue where possible in construction of new homes for both rent and sale.

Phase 2 Actions to support the Irish property and construction sector by end of 2020

1. **Introduce a Shared Equity scheme:** The State co-purchases up to 20% of a home, to support affordable home ownership. This will ensure that demand for housing is retained and certainty provided for new private home construction.

2. **Change housing design guidance to allow greater density of new home development:** This will facilitate greater density house, rather than apartment, development for those locations where apartment development is unviable and not desired by purchasers.

3. **Continue investment/capital spend on social housing by Government:** The demands for purpose-built social housing have not dissipated and only been exacerbated by the economic shock brought on by COVID-19.

Phase 3 Actions to support the Irish property and construction sector by 2023

1. **Encourage the use of modern methods of construction:** Government should support innovation in the sector by using modern construction methods as part of social housing public procurement.

2. **Be ambitious with infrastructure investment:** Establish a national infrastructure commission to advise on infrastructure priorities and provide sufficient financial support to allow state utility providers to carry out their functions, in particular Irish Water.

3. **Prepare a long-term housing plan in collaboration with industry and civil society:** This will result in a more informed response in the supply of social and affordable housing.

Impact of phased action on the Irish property and construction sector

Housing, commercial and infrastructure construction will be allowed to return to activity, albeit at a reduced level to facilitate social-distancing. This will go some way to ensuring that the housing demands are met, that Ireland progresses in meeting the targets of Project Ireland 2040, and that important infrastructure is maintained.

‘Ireland still does not have enough homes to meet demographic demand. Houses need to be built. It is important for homebuilding to get back to work in a safe and sustainable manner.’

David O’Connor

Chair of Property Industry Ireland

Supporting the Irish timber and forestry sector 4.10

Forest Industries Ireland
Ibec

4.10 Supporting the Irish timber and forestry sector

The impact of the crisis on the Irish timber and forestry sector

Timber markets, especially the construction market in the UK and Ireland have been severely impacted by the crisis. The priority for timber and forestry is the recovery of these markets and a return to work in the construction sector, particularly house building.

Sawmills are essential businesses. Many remain operational but some sawmills have closed, and others are running at reduced production. There is continuing demand for timber packaging products such as pallets, but demand for construction timber has dropped dramatically. In addition, there are significant stocks of timber in the supply chain already due to stockpiling over Brexit concerns.

Phase 1 Actions to support the Irish timber and forestry sector in the next 100 days

1. **Restore construction activity, particularly housing:** Recovery of the forest and timber industry is dependent on the return of construction activity and demand for timber products follows. Resumption of construction activity must be prioritised and the supply chain for building products must be allowed to reopen to serve that market.

2. **Introduce a Government loan facility or loan guarantee scheme:** Protect companies that are viable in the long term but face short-term liquidity issues, particularly due to slow payments and bad debts. Viable companies should not be allowed to fail because of short-term cashflow problems. All loans to be repaid.

3. **Return to work protocols and safeguards:** Provide companies with effective return to work protocols and safeguards. This will ensure the sector's workforce can return with confidence.

Phase 2 Actions to support the Irish timber and forestry sector by end of 2020

1. **Government support for construction and housing:** The construction and house building industries should see an injection of public money to stimulate house building. The Government should commit to a comprehensive programme of social housing. Impediments to private housing supply and demand should be examined and removed.

2. **Provide economic stimulus and restore economic activity:** People need to return to work and to a normal economic and market environment as quickly as possible. This will make the difference between many firms within the supply-chain of other sectors continuing or going out of business.

3. **Re-open international markets and restore trade with UK:** Shipping and transport need to be supported to ensure that our goods can reach the market. International mobility for goods and people should be restored and necessary protections put in place to enable people to travel and conduct international business.

Phase 3 Actions to support the Irish timber and forestry sector by 2023

1. **Plant more trees by revitalising the national afforestation programme:** The afforestation programme should be regionally balanced and diversified. Plant native woodlands for nature and conifer forests for timber. Everything must be done to create a programme that aims for 8,000 hectares of new afforestation each year.

2. **Green our farms by reinvigorating farmer interest in forestry:** Farmers must be properly rewarded for planting trees and fighting climate change. Forestry provides strong, steady incomes in farming communities. Our farmers must be able to embrace forestry with confidence and security. The system should support and value them.

3. **Invest in people, processes and technology to get the Forestry Programme working:** The senior Minister for Agriculture should have direct responsibility for forestry and set up a senior level Interdepartmental Working Group for Forestry and Climate Action. Faster decision making and reduced bureaucracy is required. Uncertainty and delays are undermining forestry and reducing farmer interest in the Forestry Schemes.

Impact of phased action on the Irish timber and forestry sector

As with all SMEs, there is an urgency to restarting business in the forestry and sawmilling sector. A reduction in the length of the economic pause will help to protect cash and secure the future of businesses. It is paramount that markets are re-opened and normal business resumed. Additionally, overseas customers will seek supply from alternative international suppliers if the Irish industry cannot supply them.

> ‘Short term safety is the number 1 priority. It is accompanied in parallel by the need for ongoing mental health. Critical to the latter will be a managed urgency to the reboot of the economy. Appropriate measures to assist construction and support cash flow are needed to protect and stimulate Ireland’s forest and timber sector.’

Brian Murphy

CEO, Balcas Timber and Chair of Forest Industries Ireland

Supporting the biopharma and chemical sectors 4.11

biopharmachem Ireland
Ibec

4.11 Supporting the Irish biopharma and chemical sectors

The impact of the crisis on the Irish biopharma and chemical sectors

The BioPharma and Chemical sectors stayed essentially operational with most sites employing remote working for 50% of their workforces. A number of critical construction projects were suspended. Some sites have become involved in supplying sanitisers and critical reagents to the HSE.

Shortages in some raw materials is emerging as an issue; freight costs have increased significantly. Talent development and availability will also present a challenge to the biopharma sector due to a less mobile workforce in the medium to short term; investment decisions may be postponed or delayed.

Phase 1 Actions to support the Irish biopharma and chemical sectors in the next 100 days

1. **Establishing a return to work protocol:** With a view to ultimately identifying individuals that may be best placed to return to work, it is recommended to keep track of the evolving scientific understanding of acquired immunity and the improving technical performance of point of care antibody tests. Neither can form the basis of such a protocol at this stage.

2. **Retain open and secure supply chains:** Sites in the EU should look to produce ingredients and intermediates currently produced in India and China as supply problems are being experienced from these locations.

3. **Progress key construction projects quickly:** Increasing capacity through new and/or, upgraded facilities must be prioritised. This is necessary to ensure critical and essential medicines are available for patients.

Phase 2 Actions to support the Irish biopharma and chemical sectors by end of 2020

1. **Maintain the availability of talent pools:** Monitor and address limited access to talent pools overseas due to quarantine requirements.

2. **Support training and development:** Put in place additional supports for training and development programmes such as the BioPharmaChem Skillnet and the BPCI Laboratory Apprenticeship scheme.

3. **Enable and enhance investment in the biopharma and chemical sectors:** Utilise Government and Agency resources to maintain and increase investment.

Phase 3 Actions to support the Irish biopharma and chemical sectors by 2023

1. **Position Ireland as a leader in the Advanced Therapeutics and Cell and Gene Therapy space:** Invest in infrastructure and support for company-based R&D.

2. **Sustain Ireland's existing strength in both small and large molecule-based manufacturing and development:** Invest in advanced manufacturing and industry 4.0 principles.

3. **Maintain attractive corporation tax rate and R&D supports:** Ireland's corporate tax regime is a key incentive for biopharma foreign direct investment, it is vital that it remains fully intact in all aspects.

Impact of phased action on the Irish biopharma and chemical sectors: Ireland is a global sourcing location for biopharmaceuticals and chemicals. It is important that Ireland's continued competitiveness continues to attract employment; supply chains must remain open, secure and resilient. Undoubtedly the COVID-19 crisis has greatly disrupted the economy and healthcare system. From a global supply perspective, Irish companies should look to manufacture more components in the supply chain such as ingredients, intermediates and excipients. These are key to the security and supply of important medicines.

‘BioPharmaChem Ireland and its members have worked hard to ensure that patients continue to receive the medicines that they need and we will continue to do this.’

Paul McCabe

Site Leader, Alexion and Vice-Chair of BioPharmaChem Ireland

Supporting the Irish MedTech sector 4.12

Irish Medtech Association
Ibec

4.12 Supporting the Irish MedTech sector

The impact of the crisis on the Irish MedTech sector

The MedTech sector has remained operational through the emergency, employing remote working where appropriate and redesigning shift patterns to facilitate the new COVID-19 reality. Some sites have become involved in emergency projects with the HSE to fulfil the urgent need for devices and to provide expertise where needed.

There are some supply chain issues and air freight costs have increased significantly. Whilst demand has largely remained stable and essential, the postponement of elective surgeries has had an impact. The expectation is for stronger volumes in Q4, however if the recovery is slower, longer term actions will be required.

Phase 1 Actions to support the Irish MedTech sector in the next 100 days

1. **Roadmap on the way forward living with COVID-19:** Government must publish its priorities, detail and sequence the various steps to be taken, and the development of a *"pandemic readiness plan"*.

2. **Ensure robust testing and tracing system:** Introduce a government-backed scheme for companies greater than 500 staff to install diagnostic kits/machines at place of work to allow weekly diagnosis/testing of employees over the next 12 months.

3. **Plan to return to non COVID-19 hospital activities:** A large cohort of patients need treatment and the ongoing backlog due to the suspension and deferral of procedures must be tackled.

Phase 2 Actions to support the Irish MedTech sector by end of 2020

1. **Help small businesses who ceased trading to get back into business:** Recovery efforts should prioritise getting businesses back. This should be in addition to government funded placement schemes to help re-train people.

2. **Accelerate Revenue's R&D tax credit payments:** This must include fast-tracking the payment of those accrued R&D tax credits which were due for payment by Revenue back to companies in 2021, 2022, 2023. Overall, this is cash-neutral to Revenue / the Exchequer, as companies are simply drawing down R&D tax credit payments earlier v's later (2021-2022-2023).

3. **Allow companies claim R&D tax credits off H2020 SME-Instrument grants/other grants:** This should include SME-Instrument grants /other grants that came into place in 2018-2019.

Phase 3 Actions to support the Irish MedTech sector by 2023

1. **Introduce new financial measures for MedTech start-ups:** This should include supports tailored for pre-revenue companies, financial supports for early-stage revenue /pre-profit companies, simplified schemes to allow privates / HNWs / Angel investors to invest in Irish enterprises and get tax benefits, current EIIS and related schemes which can be simplified for the investor.

2. **Implement a government-backed scheme to transfer patients from dialysis clinics to their homes or a nursing home environment:** There must be a government fund/scheme to purchase home dialysis machines alongside the provision of trained professionals to teach patients on correct usage, in addition to guaranteed payment of supplies for dialysis systems for the next 1-2 years.

3. **Increase adoption of telehealth technologies:** There is a growing interest in how telehealth aspects of a product /service offering can be leveraged by hospitals/clinicians. Telehealth can play an important role of treating non COVID-19 patients in a non-hospital setting.

Impact of phased action on the Irish MedTech sector

Ireland is now internationally recognised as one of the world's top five global hubs for medical technology having built a world-class community of FDI Multinationals and innovative start-ups, along with key supports such as award-winning designers, expert researchers, and partners, which help start-ups and SME's go the distance. Government actions in the short, medium and longer term as outlined above will ensure that Ireland retains this vital top five global hub position, critical for our post-COVID economy.

'The Irish MedTech Association and its members have responded to this emergency by ensuring that patients receive the life-saving devices they require.'

John O'Brien

CEO, S3 Connected Health and Chair of the Irish MedTech Association

Supporting the Irish technology sector

4.13

Technology Ireland

Ibec

4.13 Supporting the Irish technology sector

The impact of the crisis on the Irish technology sector

COVID-19 has underlined Ireland's technology sector as a cornerstone of Ireland's economic and social infrastructure. Supporting the technology sector is key to successfully rebooting Ireland. While Ireland's technology sector adjusted admirably to the COVID-19 crisis, it still faced many challenges. Entire workforces transferred to home offices, while safe operating methods had to be devised for workers in semiconductor manufacturing sites, data centres and other essential units. Some technology companies faced huge pressure to support businesses in other sectors as they struggled to adapt. Others technology companies, supporting food, drink, travel and street retail businesses found their revenue streams drying up overnight.

Phase 1 Actions to support the Irish technology sector in the next 100 days

1. **Appoint a dedicated Minister for Digital Affairs:** The Minister would coordinate digital policies and programmes across government, developing our digital infrastructure and public services, bridging digital divides, engaging stakeholders and working with Ireland's technology sector to drive Ireland's recovery.

2. **Extend the SME credit guarantee scheme:** The amendments to the SME credit guarantee scheme to cover refinancing are welcome. These are necessary to support indigenous technology companies. They should be kept under review and extended further if required. Allow tax deferral for at least 3 months and introduce a crisis cash payment for SMEs to the maximum of €15,000 to be delivered through revenue payment model.

3. **Streamline Ireland's visa and work permit application system:** The system must be streamlined and resourced to match best international practices. Ensure the backlog in processing renewals due to the crisis is cleared immediately. The system must be adequately resourced to avoid delaying the reboot operations of technology companies.

Phase 2 Actions to support the Irish technology sector by end of 2020

1. **Avoid disruption in post-Brexit data flows:** Interruption to data flow and storage capacity in the event of no post-Brexit trade deal must be avoided. Make businesses aware of alternative data transfer mechanisms to the UK such as standard or model contractual clauses. A mutual adequacy decision in a future relationship post-Brexit is essential.

2. **Increase investment opportunities in technology companies:** Allow banks to increase small business share of loan portfolio from 15% to 50% and increase liquidity supports through a mix of investment loans, purchase by state pension fund of commercial papers and ECB schemes.

3. **Ensure the tax system works to keep SMEs in business:** Allow flexibility on tax reporting deadlines and application of penalties. Support indigenous companies through reform of CGT and EIIS to encourage and reward investment and increase attractiveness of share-based renumeration. This could also ease wage pressures on businesses during recovery.

Phase 3 Actions to support the Irish technology sector by 2023

1. **Make Ireland a leader in GovTech:** Every aspect of government must undergo digital transformation both to ensure best practice and to support the technology sector. A clear public procurement policy for cloud services is an essential part of this.

2. **Invest in skills development:** Support the priority areas identified in the 3rd ICT Skills Action Plan to increase the number of places available in higher education and to provide alternative pathways into the technology sector.

3. **Ensure full implementation of the National Cybersecurity Strategy:** The upsurge in cybercrime attempts during COVID-19 has demonstrated the paramount importance of protecting ourselves, but Ireland also has the opportunity to become the leading hub for cybersecurity expertise in Europe.

Impact of phased action on the Irish technology sector

The dramatic changes, forced upon us by COVID-19, have demonstrated clearly that Ireland's technology sector is key to every aspect of economic and social life. The technology sector is the engine that will drive Ireland's reboot, through direct economic input and through supporting businesses and organisations. It is crucial that nothing impedes this technology led recovery. Every company and organisation are becoming digital organisations. The business of government itself must also be transformed. The appointment of a Minister for Digital Affairs, to drive the changes needed to make the ongoing digital transformation successful, will contribute directly to Ireland's recovery.

'Ireland's technology sector is the engine that will drive Ireland's recovery. It is vital that every aspect of government policy is focused on clearing the way for that recovery.'

Jonathan Hyland

CTO, Workhuman and Chair of Technology Ireland

Supporting the Irish telecommunications sector 4.14

TELECOMMUNICATIONS INDUSTRY IRELAND
Ibec

4.14 Supporting the Irish telecommunications sector

The impact of the crisis on the Irish telecommunications sector

The COVID-19 crisis has shown how vital telecommunications are to keep people connected to each other, their work, educational resources, business needs and entertainment services. The telecommunications networks coped with an average 35% increase in peak traffic during the COVID-19 crisis to date. As a major employer and investor in the Irish economy, with over 25,000 working in the sector and a combined network investment of approximately €3 billion over the past five years by industry players, the telecommunications sector believes that the priorities below are crucial to ensuring that Ireland, rural areas included, is equipped to reopen and reboot strongly in the coming months and years.

Phase 1 Actions to support the Irish telecommunications sector in the next 100 days

1. **Address the digital divide:** Ensure all telecommunications construction activity is rapidly ramped up to pre-crisis levels, all supply chains to reopen and avoid restrictions on the movement of key staff including international contractors.

2. **Launch a campaign to counter disinformation on social media regarding 5G:** Telecoms masts have been subjected to arson attacks, one seriously damaged mast was to improve indoor coverage at Letterkenny Hospital, a major centre for the treatment of COVID-19 patients and COVID-19 test analysis.

3. **Re-establish the Government's Mobile Phone and Broadband Taskforce:** Improve telecommunications coverage and availability through joined-up government, including local authorities and other stakeholders. Address any obstacles to the rollout of telecommunications infrastructure so that networks are improved, 5G and fibre broadband (National Broadband Plan and other areas) are delivered.

Phase 2 Actions to support the Irish telecommunications sector by end of 2020

1. **Extend the European Electronic Communications Code's transposition deadline to end 2021:** Compliance will require significant IT work by companies. Clarity on important industry code obligations is not yet available. IT departments are under significant pressure responding to the crisis. A more realistic timeframe is required.

2. **Address concerns about 5G to avoid damaging job creation:** 5G will be become essential for business. Relevant agencies including the Environmental Protection Authority to brief all stakeholders on the safety standards. Issue a ministerial circular to local authorities restating national policy on 5G and clarifying their role regarding 5G rollout.

3. **Require all State entities to provide sites from land holdings and buildings under their ownership for assessment:** Ensure all new builds are pre-ducted to accommodate Very High Capacity Networks.

Phase 3 Actions to support the Irish telecommunications sector by 2023

1. **Use upcoming spectrum licensing to encourage investment in mobile networks:** Allocate spectrum fees and receipts from spectrum auctions collected from industry to investment in passive shared rural infrastructure. It should also avoid unnecessary diversion of capital budgets towards fees.

2. **Allocate adequate resources to the National Cybersecurity Centre:** The cybersecurity threat is becoming more sophisticated and dangerous with significantly more harmful activity since the onset of the COVID-19 crisis.

3. **Ensure Ireland can function even under severe disruption and is digitally competitive:** Plan with an appropriate funding model to fully digitise Government and society, to impart digital skills needed for employment and digital inclusion and to use digital tools to enhance SME competitiveness.

Impact of phased action on the Irish telecommunications sector

Central to these priorities is the need for a dedicated Minister for Digital and Communications to lead Ireland's digital agenda. Ireland's digital future is at a crucial junction with a need for Government to implement the priority actions identified above to enhance the telecommunications network, both fixed and mobile. These will help mitigate the economic and social shock of future ongoing disruption caused by the crisis. These actions will underpin the implementation of the Digital Agenda in Ireland. They will facilitate balanced regional development. Increases in remote working will contribute to reduced carbon emissions due to less commuting. Finally, having the necessary infrastructure in place will further increase Ireland's attractiveness to foreign direct investment.

> 'We believe that the next Taoiseach should appoint a dedicated Digital and Communications Minister given the importance of the sector to the country.'

John Keaney

CEO of SIRO and Chair of Telecommunications Industry Ireland

Supporting the Irish audiovisual sector

4.15

Audiovisual Ireland
Ibec

4.15 Supporting the Irish audiovisual sector

The impact of the crisis on the Irish audiovisual sector

COVID-19 has had a very severe impact on the sector. It caused film, television drama production and other shoots to cease with associated temporary closures and layoffs. While production has continued in sectors such as animation, post-production and factual television productions, it has been impacted by remote working and the use of social distancing. Cashflow is an enormous problem for the sector. This problem will increase as many companies are currently surviving on existing contracts and have no new projects. A separate problem is that many people with essential but transferable skills may leave the industry prior to it recovering.

Phase 1 Actions to support the Irish audiovisual sector in the next 100 days

1. **Approve recommencement of filming:** This should occur once restrictions are eased and industry specific protocols for modified COVID-19 safe work practices are devised and authorised for implementation. Funding should be provided for protocol training.

2. **Provide significant additional Exchequer funding for all entities that commission independent productions:** Fund an early summer round of the Broadcasting Authority of Ireland's Sound and Vision Fund that provides extended commitments. Companies need immediate help regarding cashflow to sustain them during 2020.

3. **Enhance effectiveness of S.481 tax relief:** Extend it to cover payments to individuals forced to work from abroad due to the COVID-19 crisis, subject to the individual subsequently locating to Ireland to complete the role. Finalise processing S.481 applications that are currently experiencing severe delays in the compliance process.

Phase 2 Actions to support the Irish audiovisual sector by end of 2020

1. **Establish a public service/industry group under the framework of the Audiovisual Action Plan to develop a strategy to reboot and reimagine the screen sector:** The Action Plan provides a long term strategy but a specific response is needed to the challenges created by COVID-19.

2. **Launch a marketing campaign involving Screen Ireland, Enterprise Ireland and IDA Ireland:** This should promote Irish produced content and reaffirm to international investors and co-production partners that the screen sector is a national priority and that it will be sustained during and after the crisis.

3. **Continue transposing the Audiovisual Media Services Directive and the Copyright Directive:** Government must engage with industry during the transposition process.

Phase 3 Actions to support the Irish audiovisual sector by 2023

1. **Expedite all necessary TV licence fee reform measures:** This is to ensure that the future of national public service media, both in Irish and in English, is put on a more sustainable footing. Estimates indicate that over €50 million is being lost annually which impacts on sustaining the independent production sector.

2. **Restore Screen Ireland's annual capital funding to its pre-crash level of €20m:** Benchmark funding-levels against the resources available to its main international competitors. Restore €6m to the TG4 budget as strongly recommended since 2018 by the BAI and the Joint Oireachtas Committee on the Irish language.

3. **Combat digital piracy:** A task force should be established with the involvement of An Garda Síochána, the Revenue Commissioners and the relevant government departments to combat digital piracy in view of the threat it poses to the screen industries. Irish residents make over 500 million visits annually to all pirate websites leading to a significant loss in employment and Exchequer revenue.

Impact of phased action on the Irish Audiovisual sector

To keep companies viable and retain workers in the sector, an immediate infusion of cashflow is needed via both the S.481 tax relief and additional funding for those who commission productions. Approved protocols are needed so filming can restart. Extended funding is required through Screen Ireland as productions will be more expensive under such protocols. An international marketing campaign is necessary to hold Ireland's market share. A joint public service/industry strategy needs to be devised within the Audiovisual Action Plan framework. To shore up the sector's long term finances, measures are needed to address digital piracy and television licence fee evasion.

'We call on Government to appoint a Minister for Digital and Communications to take measures to ensure that the industry is protected from the economic fallout of the pandemic and are heartened to see that Irish audiences have in particular been turning to Irish content during this time of crisis'

Andrew Lowe

Director, Element Pictures and Chair of Audiovisual Ireland

Supporting the Irish engineering sector

4.16

4.16 Supporting the Irish engineering sector

The impact of the crisis on the Irish engineering sector

Engineering is at the heart of maintaining continuity in our daily lives with companies spanning a broad range of markets including automotive, aerospace, energy & environment, construction and agriculture. These companies manufacture the technology products and systems that enable everything from Industry 4.0 to clean energy systems, a circular economy, and connected and autonomous mobility. The crisis has resulted in closures or greatly reduced capacity in the engineering product and sub-supply sector. In today's complex and deeply integrated supply chains, particularly in the electronic, technical and mechanical engineering, this has resulted in major disruption to the internal market and supply-chains.

Phase 1 Actions to support the Irish engineering sector in the next 100 days

1. **Enable the full re-opening of the engineering sector:** Irish companies have lost contracts to alternative suppliers. Re-open the sector to restore the supply of technology and sub supply products to their international customers. This would provide continuity in their supply chain and regain our competitive advantage while respecting government guidelines.

2. **Facilitate a pro-trade environment and the EU single-market:** Government must facilitate trade by ensuring a more coordinated and coherent approach across EU Member States. Limitations to the free movement of goods, services and workers must be avoided. This is needed to maintain production as much as possible in the coming months ahead.

3. **Immediate financial pressure on engineering businesses must be alleviated:** Businesses are operating at reduced capacity. Supply chain disruption makes it difficult to sustain normal activity. Transport costs are surging. Liquidity supports in the form of grants, tax relief, Vat relief are urgently required.

Phase 2 Actions to support the Irish engineering sector by end of 2020

1. **Become a global leader in innovation:** Government should provide leadership and drive the ambition to become a global leader in technological development and cutting-edge innovations (e.g. sensor technologies, data analytics, AI & augmented reality, additive manufacturing) through its indigenous and multinational engineering manufacturing and services sector.

2. **Kickstart investment in capital equipment and machinery:** Financial incentives are needed to kickstart engineering companies to invest in new machinery and related equipment that will drive efficiencies and productivity through automation, new technologies and business digitalisation.

3. **Postpone legislative and regulatory changes in 2020:** Any legislative and regulatory changes or reviews planned in 2020 (e.g. EU Machinery Directive) should be re-prioritised. This will allow industry to target resources on the immediate challenge of crisis recovery, so that a solid and sustainable industrial base can be rebuilt.

Phase 3 Actions to support the Irish engineering sector by 2023

1. **Invest in digitalisation infrastructure:** As many of our innovative engineering companies are based in rural parts of Ireland and Irish business digitalisation is behind Nordic countries, Government needs to fast track the rollout of a first-class communication network through 5G and fibre optics.

2. **Provide enhanced opportunities for industry-academic collaboration:** Increase direct supports to stimulate greater industry innovation and enhance innovation collaboration between engineering companies, higher education institutions, and SMEs through schemes like the Disruptive Technologies Innovation Fund.

3. **Invest in training and up-skilling initiatives:** One of the greatest barriers to the integration of new technologies in the traditional engineering sector is employee engagement and up-skilling. Training supports are required through government funded initiatives such as a dedicated Engineering *Skillnet* and encourage greater enterprise engagement in apprenticeship programmes.

Impact of phased action on the Irish engineering sector

A strong engineering base is fundamental in driving an innovation-led transformation. With strong leadership, Ireland can position itself as a leader in business digitalisation through new technologies and strengthen the supply chain for many indigenous and multinational companies.

> ‘Being able to service competitive global markets as they restart is critical in maintaining our market position and our business’

Diarmuid Doherty

Site General Manager, Valeo Visions Systems and Member of Ibec Engineering Network

Supporting the Irish polymer technology sector

4.17

Polymer Technology Ireland
Ibec

4.17 Supporting the Irish polymer technology sector

The impact of the crisis on the Irish polymer technology sector

Polymer companies have suffered severe disruptions to markets in many cases. While some companies remain open as part of the essential business list, as critical suppliers to essential supply chains, many companies are facing challenges in their core markets. Overall, it is expected there will be a demand lag after the COVID-19 crisis, well into 2021.

Phase 1 Actions to support the Irish polymer technology sector in the next 100 days

1. **Government sponsored credit facilities and guarantees:** Introduce government loans, loan guarantees and credit guarantees to ensure companies have adequate supplies of cash to continue trading in the short term. Businesses that are viable in the long term but face short term cash constraints should be supported.

2. **Get business open as quickly as possible:** It is essential to get our companies back open as quickly as possible, within the constraints of ensuring the health and safety of workers and risks related to the re-emergence of COVID-19. Time is critical to company survival, protecting cash reserves and restoring customer confidence.

3. **International supply chains and international trade:** Ireland's polymer sector trades internationally and is part of global supply chains. International trade must be supported through collective regulatory efforts of government around the world. There should be a concerted effort to keep international transport links open, facilitating the movement of essential people and goods.

Phase 2 Actions to support the Irish polymer technology sector by end of 2020

1. **Government supports to industry:** Government should examine the range of supports available to companies through Enterprise Ireland and IDA Ireland. These organisations have a large existing network of client companies and can be used to channel new support initiatives to their clients as a direct response to the COVID-19 crisis.

2. **Provide economic stimulus and restore economic activity:** We need to get people back to work and return to a normal economic and market environment as quickly as possible. Speed is of the essence and will make the difference between many firms continuing or going out of business.

3. **Re-open international markets and restore trade with UK:** Shipping and transport need to be supported to ensure that our goods can reach the market. International mobility for goods and people should be restored and necessary protections put in place to enable people to travel and conduct international business.

Phase 3 Actions to support the Irish polymer technology sector by 2023

1. **Training and skills:** With rapidly changing technologies, materials, and processes, it is essential for polymer companies to invest continuously in their people. Training and up-skilling are critical. Promote policies and conditions to make Ireland a talent development leader for the polymer industry. Continue to develop training that up-skills and re-skills talent for the sector.

2. **Maximise B2B engagement and business development opportunities:** Facilitate interactions with relevant sectors which offer business-to-business opportunities. Help companies to identify opportunities and new markets in the light of changing market and economic trends. Enhance collaboration with strategic partners to provide opportunities for networking.

3. **Support continued investment in technology:** The polymer sector is a high-tech sector requiring constant investment in technologies and processes. It is highly competitive so the ability to be agile and react quickly to customer requests is paramount. Government should support capital investment in the latest manufacturing and information technologies, which must be harnessed together.

Impact of phased action on the Irish polymer technology sector

The Irish polymer sector continues to evolve as one of Ireland's premier manufacturing and technology industries. The sector is well integrated into domestic and international supply chains across a range of manufacturing sectors. It is a critical subcomponent of a wide range of Irish industries and must continue to prosper and support these industries. Polymer companies in Ireland are well placed to continue their growth trajectory and technological development if they can successfully navigate the next number of months and emerge healthy from the global pandemic.

‘A rapid and safe return to work is a priority. Companies will be in a better position to weather this storm if they can open sooner rather than later. In general, polymer converters would not have difficulty in operating within the government guidelines on distancing. The polymer industry supplies many critical products and components across a wide range of markets. Many of Ireland’s best known companies rely on the continued health of our polymer sector. Government backed finance and credit guarantees would ensure most companies survive short-term cash flow constraints.’

John Wallace
Consultant, JWCS and Chair of Polymer Technology Ireland

5

Appendix

Appendix 1: COVID-19 impact at a business level

The example which follows shows how COVID-19 would impact on the P&L of a typical SME in the consumer facing services sector in the years between 2020 and 2025. Through this example, we also show the trade-offs involved in different policy approaches.

Assumptions

The basics of the P&L which follows are built from data using Ibec surveys, Fáilte Ireland analysis, and industry data. It has been cross-checked with CSO data showing averages for the sectors worst impacted by COVID-19 and the accounts from public companies with comparable business models.

The P&L is based on the following assumptions:

1. The firm has gross margins of 70% and net margins of 7.5% in a normal year. This would be typical in pubs, food service, retail and other local and personal services.

2. Turnover is set to €400k but the model scales. For comparison, CSO data shows that average gross operating rate (a concept similar to EBITDA) across all firms in the retail, hospitality, local services, and indigenous manufacturing sectors of between 4% and 10%.

3. The main parameters are cost of goods sold are 30% of turnover, labour costs are 25% of turnover, total VAT and excise is 16% of turnover, and total utilities, fixed costs, and overheads are 20% of turnover.

4. The model assumes that demand drops to 50% of normal demand in March, remains at zero through to July and begins to increase by a factor of 25% of February demand each month between August and November. Labour costs rise/fall in line with demand.

5. Our final assumption is that from 2021 to 2025 gross profit grows at 2% per annum above the rise in the cost over overheads.

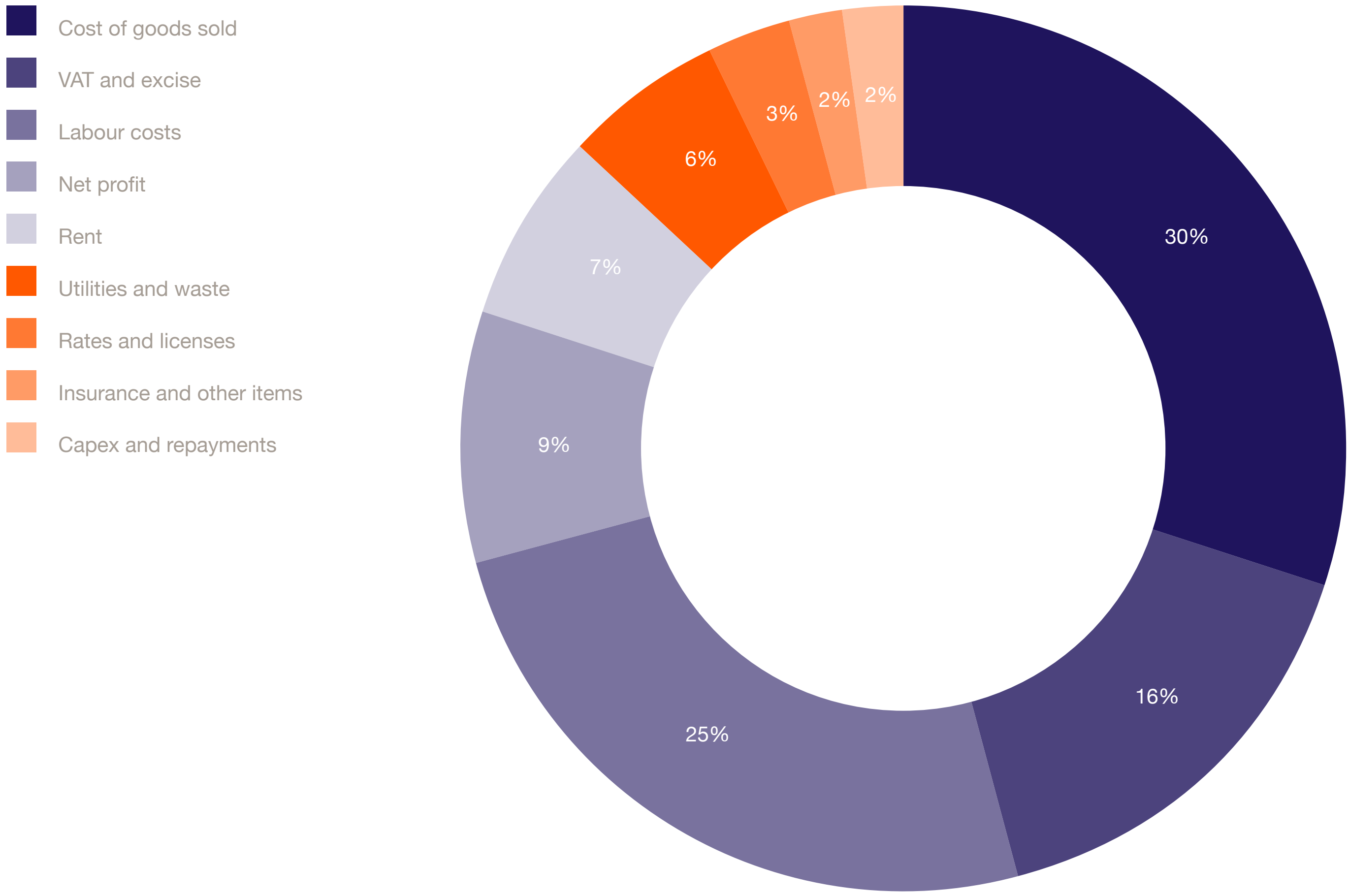


Figure A1: Turnover breakdown for example company (pre corporate tax)

Impact of COVID-19

Between March and July turnover falls in line with our assumptions. This has a significant impact on the business. As turnover falls both COGS and VAT fall in line with the falling demand as you would expect. The company orders fewer inputs and pays less tax on sales. In addition, the firm can adjust its labour costs either through the support of the wage subsidy scheme or through layoffs.

Finally, the firm can offset some of its operating and fixed costs. Utility usage, in particular, falls as the firm is closed down over a number of months. But, the majority of its operating costs—like rent, insurance, and commercial rates—cannot be reduced or are only deferred and continue to accrue.

Due to the inability of the firm to reduce these costs in any significant way net profits, which had been 7.5% of turnover after-tax, fall significantly. In order to cover the total operating costs and return to normal operations, demand will need to return to 80% of its February total. This does not happen until November.

As a result, the firm is unable to pay VAT or excise for Q1, suppliers for deliveries made in March, or the utilities, fixed costs, or overheads of the business between March and July. Where deferral mechanisms are in place, we assume they expire before the end of 2020.

The total debt which accrues in the period before re-opening is €45,000. This is equivalent to 11% of annual turnover or almost 80 weeks post-tax profits. Over 40% of this debt is owed to the Revenue Commissioners and local authorities. Another 27% is owed to the firm’s commercial landlord. The remainder is split roughly three ways between utilities, insurance and loan repayment, and suppliers.

There are about 90,000 SMEs of this type of service sector in retail, hospitality, personal services and transport. Our analysis here does not take account of the working capital need of firms in other sectors, the need to re-finance existing debts, the tightening market for export credit, or the need which will arise as firms open up again after a long hiatus with reduced demand. Costs in the first two months would be in the region of €30,000, reserves have been run down and cashflow is not guaranteed.

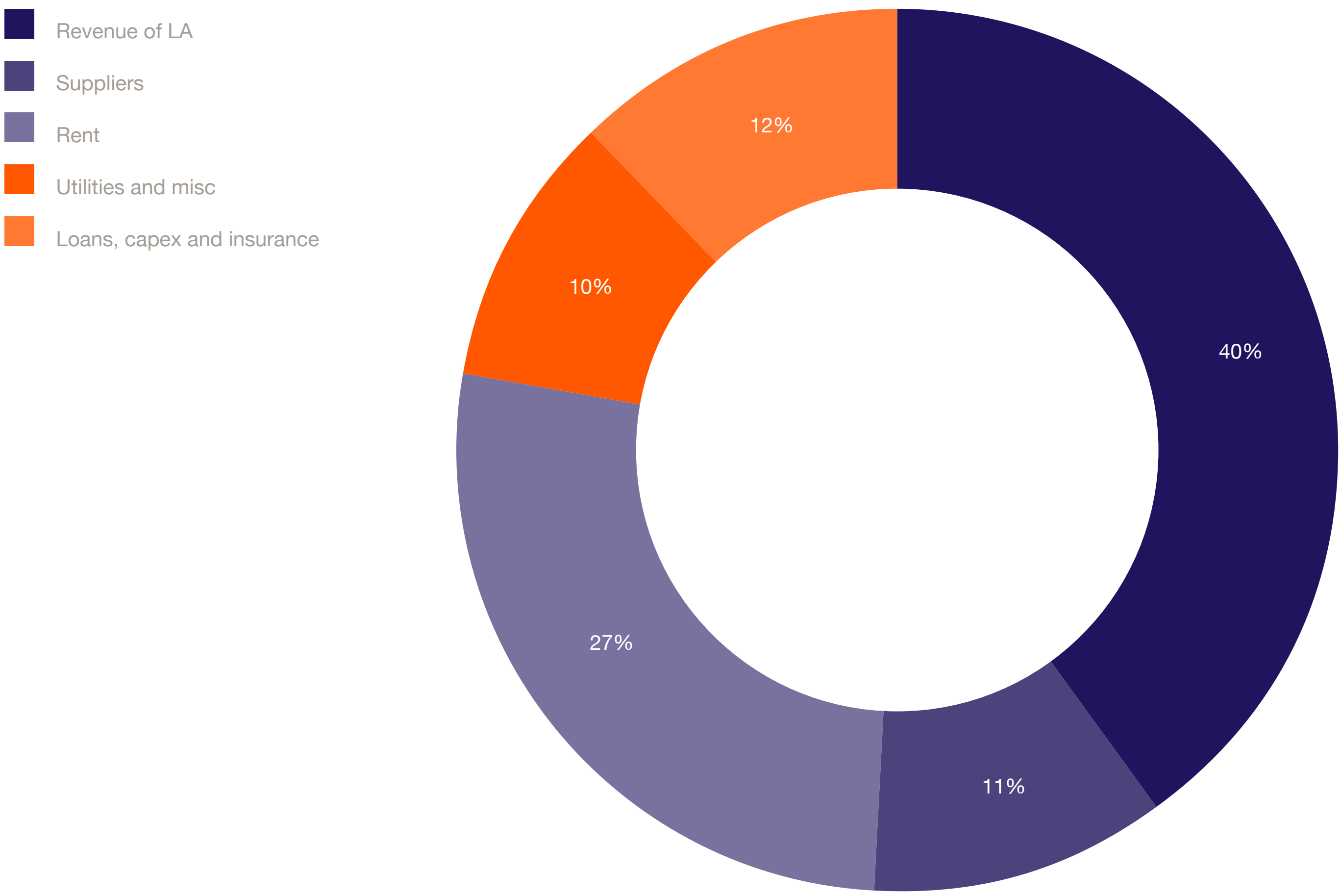


Figure A2: Debts at end July by creditor

Policy options

In this section, we examine the impact of five different policy options on business viability. This is purely mechanical and doesn't consider the impact of excess leverage on growth:

Scenario 1

This is our baseline. In order to finance the outstanding debts, the company uses the State schemes now in place to consolidate the debt in July at 4.5% interest, over 36 months.

Scenario 2

The Government introduces a low-cost loan option. The company then consolidates the debt in July with a low-interest loan, 0.5% over 36 months.

Scenario 3

The State introduces a €15,000 one-off grant for impacted SMEs to compensate for unmet fixed costs along with a low-interest rate loan. The company consolidates the debt with a low-interest rate loan.

Scenario 4

The State introduces a €15,000 one-off grant for impacted SMEs to compensate for unmet fixed costs along with a longer 60-month low-interest rate loan. The company consolidates the debt with a low-interest rate loan.

Scenario 5

The State introduces a €15,000 one-off grant for impacted SMEs to compensate for unmet fixed costs, a six-month commercial rates write off, forgives bad VAT debts for January and February, and the firm consolidates the remaining debt with a 36-month loan at 4.5%.

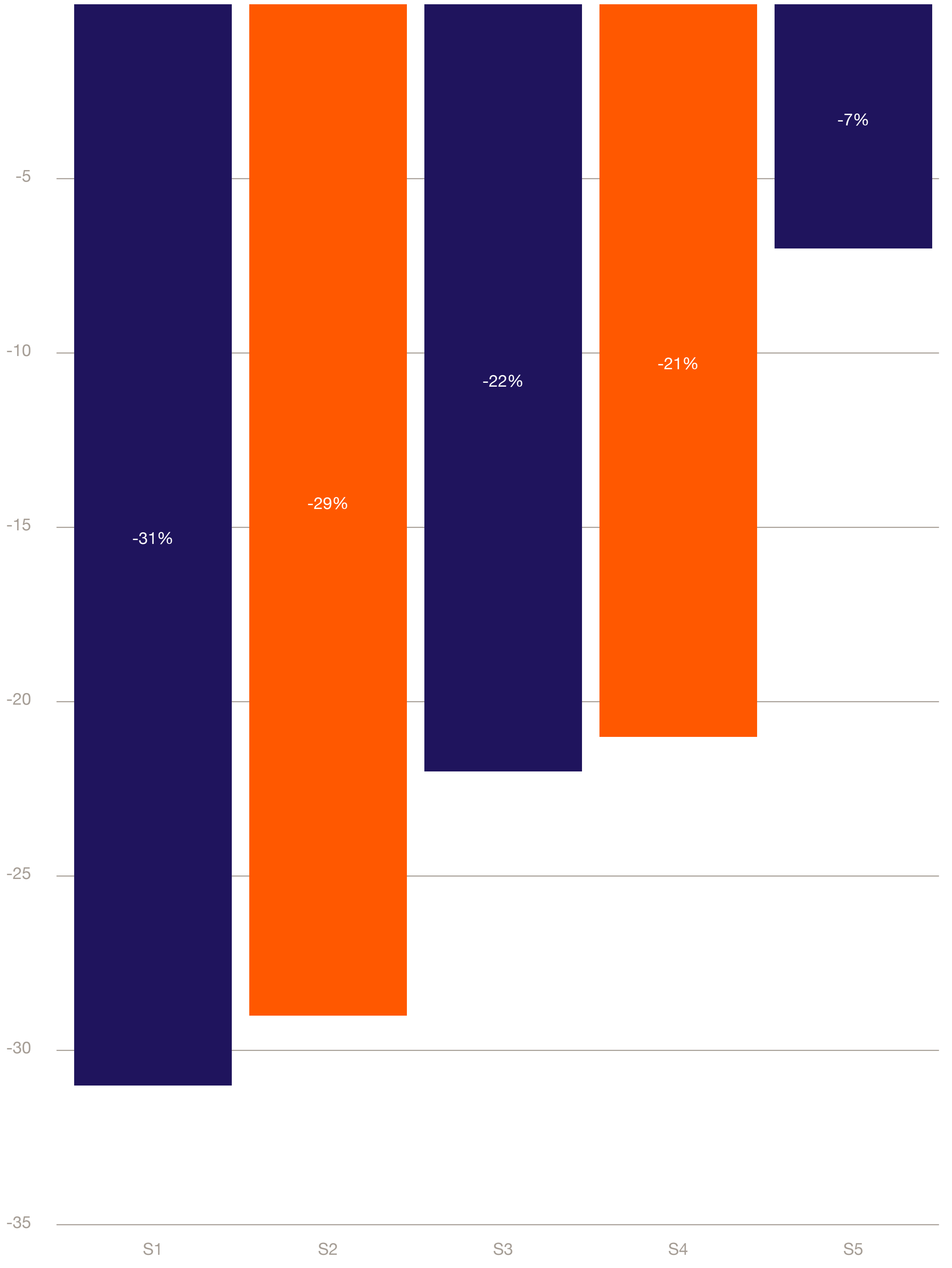


Figure A3: % loss in cumulative profits, 2020 to 2025,
relative to pre-COVID-19 monthly run-rate with no growth

Table 2 shows the impact on net profitability under each policy scenario. Our analysis runs from 2020 to 2025. It is clear from the scenario analysis that COVID-19 will cast a significant shadow on the sectors which are worst impacted.

Only under Scenario 5 is net profitability restored in 2020 and only in Scenarios 3, 4 and 5 has profitability returned to above its 2020 forecast by 2022. In scenario 1 and 2 with limited intervention, the 2020 forecast will not be hit until 2024. This, in turn, means that the business is less likely to invest, and grow. Scaled to the level of the whole SME sector, this would represent a significant blow to the growth potential of the most labour-intensive sectors of the economy.

Scenario	Monthly debt repayments	Repayments % of pre Covid-19 net profits	2020 forecast	2020 Actual	2021	2022	2023	2024	2025
1	€1,390	56%	34,321	-21,025	18,920	21,704	31,438	43,952	46,736
2	€1,260	50%	34,321	-20,375	20,480	23,264	32,348	43,952	46,736
3	€840	34%	34,321	-18,275	25,520	28,304	35,288	43,952	46,736
4	€506	20%	34,321	-16,605	29,528	32,312	35,096	37,880	43,700
5	€445	18%	34,321	14	30,260	33,044	38,053	43,952	46,736

Table A1: Net profit under each scenario 2020 to 2025

It is clear from this example that debt alone is not a panacea. These solutions are just examples and have differing levels of complexity, but in some cases direct grants, debt restructuring, and equity investment from the State should be considered. In all cases, early engagement with solutions provides vastly improved outcomes.

Timing matters too. If Scenario 1 was extended with a close to total shutdown for firms in these sectors to November, the debt would be €80,000 or almost 80% of net profits (before debt repayment). It is doubtful many small business owners would stay trading when almost 80 cent of every euro they earned was being spent on repaying their debts.

The SMEs worst impacted by the shutdown number over 100,000, employ over half a million people, and are significantly ingrained in the fabric of our local areas. By scaling our example above, and it is relatively representative, large sections of the SME sector would spend up to 40 months recovering to their 2020 baseline forecast levels of profitability. This all, in turn, relies on the assumption that steady growth returns to the economy from December 2020.

Appendix 2:
Measures taken by Government to date to combat the economic impact of COVID-19

Existing economic measures	Stimulus measures (€ million), gross cost in first twelve months	Net cost of measures after repayment (€ million)
SBCI Brexit / Covid schemes expansion	40	40
Sustaining enterprise fund	180	180
Restart grant	250	250
Pandemic Stabilisation and Recovery Fund (assume 5% loss)	2000	100
Credit guarantee scheme (assumed 15% NPL)	200	200
Tax 'Warehousing' (assume 15% NPL)	2000	300
Commercial rates waiver	250	250
Covid online retail scheme	2	2
Microfinance loan scheme	20	—
Income supports for households	3860	3860
Sub-total	**8,802**	**5,182**

New or supplementary Ibec proposals	Stimulus measures (€ million), gross cost in first twelve months	Net cost of measures after repayment (€ million)
Extend and gradually taper the WSS for sectors worst impacted	3500	3500
Accelerate public capital spending and bring forward maintenance programmes	2000	2000
Provide ongoing flexibility on tax compliance including debt forgiveness	1100	1100
Increase provisions for State credit guarantee measures	1000	1000
Ensure the restart grant scheme is fit for purpose	800	800
Enhanced labour market activation and short-time work	700	700
Allow employers to provide up to €2,000 in tax free vouchers	600	600
Re-introduce and expand the 9% VAT rate	600	600
Introduce a in-employment training voucher scheme	500	500
Sub-total	**10,800**	**10,800**

New or supplementary Ibec proposals	Stimulus measures (€ million), gross cost in first twelve months	Net cost of measures after repayment (€ million)
Bring forward urban and rural regenerations funds	475	475
Explore a binding mandatory arbitration model for disputes over commercial leases	400	400
Substantially increase funding and recapitalise higher education	400	400
Provide ongoing grant support for worst impacted sectors	375	375
Shared equity affordable housing scheme	350	—
Introduce tax measures to support business investment	330	150
Extend the commercial rates exemption to six months	300	300
Significantly enhance the JobsPlus scheme	300	300
Roll out an ambitious national deep retrofit programme	300	300
Sub-total	**3,230**	**2,700**

New or supplementary Ibec proposals	Stimulus measures (€ million), gross cost in first twelve months	Net cost of measures after repayment (€ million)
Drive low carbon investment by increasing SSRH and other industry grants through SEAI	200	200
Town growth fund	200	200
Increase and extend the eWorking tax allowance to an annual equivalent of €1,500	130	130
Introduce a State supported export credit insurance scheme	50	50
Incentivise industry to participate in Generation Apprenticeship	40	40
Sub-total	**620**	**620**
Total of all policy measures	**23,452**	**19,302**

About Ibec

We are Ireland's largest lobby group, campaigning for real changes to the policies that matter most to business. Policy is shaped by our diverse membership, who are home grown, multinational, big and small and employ 70% of the private sector workforce in Ireland.

With 36 trade associations covering a range of industry sectors, 6 offices around Ireland as well as an office in Brussels and connections in the U.K. and Washington, Ibec communicates the Irish business voice to key stakeholders at home and abroad.

We also provide a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.

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