



17 Kildare St.,
Dublin 2.

Mr Micheál Martin TD,
Government Buildings,
Merrion Street Upper,
Dublin 2.

20th December 2021

Dear Taoiseach,

While we acknowledge that the escalating Covid-19 case numbers due to the omicron variant necessitated the announcement by you of control measures on Friday evening, it is essential for you to know the impacts that recurrent lockdown announcements will have on the structure of the SME base in the country.

A great many businesses earn a disproportionate amount of their annual revenues in December. And many of these businesses are in those sectors worst affected by the pandemic. The consequences for these sectors will be severe. Therefore, active business supports must follow any future restrictions on business to combat the pandemic.

We acknowledge and appreciate the measures you have taken regarding communications from NPHE. While there is a natural curiosity among members of the media and the public to understand from them directly the nature of their deliberation, only the Executive can communicate the operational measures necessary for disease control, as is the norm in other EU countries.

Their modelling and advice have been less accurate than we have a right to expect from our public health advisors. It is just over a year since our National Council asked me to write to the Tánaiste asking for an active program of testing workers returning to Ireland post-Christmas, and for assistance with workplace testing of employees. The resistance of NPHE to RADT and air purification, and their effective rejection of the Report of the COVID-19 Rapid Testing Group last April, make a review of the composition of this team imperative early in the New Year.

While Ireland's vaccination program has been world-leading, the booster campaign has not, and the administration, messaging, and communication around it has been less than optimal. Since Covid variants are likely to be with us for some considerable time, this is an area that will require attention.

Given the likelihood that omicron will not be the last variant of Covid-19 that we will face, we urgently need a coherent Government strategy to live with it (or any future viral pandemic), which includes prearranged public health measures and restrictions once certain infection criteria are met. We cannot afford short-notice, ad hoc measures of the type announced last week in response to disease case numbers. The reimposition of restrictions on the bar, restaurant, entertainment, leisure and

hospitality sectors will have long-term implications for those sectors' ability to attract and retain skilled labour, to raise capital, and to acquire property.

With the FMC sector forecast to perform very well in 2022, and GDP again likely to rise faster than GNI*, it is essential that the weight of the State's attention is focussed on the indigenous enterprise sector in 2022 and beyond. The FMC sector continues to deliver in terms of large-scale employment and corporation tax. However, the lack of diversification among our FMC base, the overdependence of the corporation tax base on a small number of companies, and the absence of productivity growth in our SME base are well noted in the latest National Risk Assessment. These issues are fixable. While we look forward to urgent and rapid progress in the New Year on the ten priority areas identified by the SME and Entrepreneurship Implementation Group, it remains our position that the knowledge deficits among SME owners and managers can only be bridged by a dedicated program of basic business training such as that we have proposed in our "Blue Cert" for business.

Lastly, I must thank you and the Tánaiste for the commencement of the Companies (Rescue Process For Small and Micro Companies) Act 2021. We believe the introduction of pre-Christmas restrictions will accelerate the numbers of SMEs that fall into insolvency. The Government has done its work; we must now wait and see how creditors engage with this new process.

On behalf of ISME's National Council, may I wish you and yours a Happy Christmas, and look forward to a healthy and prosperous New Year.

Yours sincerely,



Neil McDonnell
Chief Executive

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Leo Varadkar TD, Tánaiste and Minister of Enterprise, Trade and Employment

Stephen Donnelly TD, Minister of Health

Catherine Martin TD, Minister of Tourism, Culture, Arts, Gaeltacht, Sport and Media

Martin Fraser, Secretary General, Department of An Taoiseach

Dr Orlaigh Quinn, Secretary General, Department of Enterprise Trade and Employment

Robert Watt, Secretary General, Department of Health

Katherine Licken, Secretary General, Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media