
Business revenues will be halved in the coming months

A survey of the impact of Covid-19 on businesses across Irish towns, cities and regions reveals the hard work is only beginning. Unsurprisingly, small businesses have been hit the hardest.

Business activity levels are extremely low for businesses that returned to operation under Phase 1 of Ireland's coming out of lockdown but the rest of the year will not be plain sailing either.

The survey of 1,320 businesses between 28 May and 2 June by Chambers Ireland found that businesses that have opened are typically experiencing less than half of their usual levels of activity for this time of the year.

Most businesses studies expect their earnings over the coming three months to be half the normal amount.

Around a quarter of businesses expect to have revenues that are down 70pc on their usual level.

The impact of revenue decline is being felt more strongly in the regions, notably in the west, border counties and the south-east.

Smaller operators have seen revenues reduced the most significantly, compounding the impact in regional areas that don't have large employers.

Invoice arrears are increasing with the value of unpaid invoices significantly up across all sectors compared with 2019.

Almost two thirds of micro enterprises and small businesses have seen an increase in the amounts owed to them and an increase in the proportion of debt that is owed to them is now 90 days past due.

Risk of more damage to economy

"What our research shows us this morning will not be surprising: small businesses have been the worst hit," said Chambers Ireland CEO Ian Talbot. "Self-employed and sole traders have closed entirely, invoice arrears are increasing, contributing to growing debt levels – and all of these problems are amplified for small businesses.

"Under normal circumstances, we seek to make the business environment more competitive relative to other economies. During a health pandemic, the pursuit of economic competitiveness is

now very different. Throughout the crisis, we have been guided by public health advice, and with this we have always been very conscious that the re-opening will be complex, and a risk of a second outbreak is very real.

“We have repeatedly cautioned that if re-opening is not done properly, we risk doing even more damage to the economy. It is for this reason that we need dramatic financial intervention to support SMEs while they continue trading and retain jobs.

“If jobs are to be saved, if businesses are to stay trading, we need to see certainty and clarity on the longer-term economic supports so that businesses can plan for their future. These supports need to address liquidity and cover overheads. Otherwise debt, which is mounting for many businesses, will sink them,” Talbot warned.

Time to see the bigger picture

Talbot said that the next Programme for Government must address the crisis facing local economies and will need to look at ‘bigger picture’ infrastructure projects as well as create a National Taskforce for Town Centres.

“This must include the financing of an ambitious package of support that invests billions, rather than millions, of euro. Otherwise we will see our cities and towns wither further.

“We also need to look beyond the direct supports to business and consider the bigger picture. Investment in infrastructure and housing must be the centerpiece of a new Programme for Government. Town centres will be at the heart of our economic recovery, if they are not – we are looking into a decade of stunted growth.

“If the pursuit of regional development, job creation and more sustainable local economies is to have any chance of success, there must be a realistically resourced commitment to its delivery.”

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