



## IRELAND – August 2019

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### 'HOW OUR OVERHAUL OF COMMERCIAL RATES WILL HELP OUT BUSINESSES, LOCAL AUTHORITIES AND YOU' .... 1

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#### 'How our overhaul of commercial rates will help out businesses, local authorities and you'

*John Paul Phelan is Minister of State for Local Government and Electoral Reform*

Businesses and commercial enterprises around the country play a vital role in supporting local authorities and local communities.

Commercial rates are a critical source of local government funding - at around €1.5bn per annum, they make up approximately a third of local government income every year, the single largest source for local authorities.

It is precisely for this reason that I recently finalised the Local Government Rates and Other Matters Act 2019, in order to improve the system for ratepayers, local authorities and local communities.

This legislation has been a key priority of mine and follows extensive consultation with local authorities, local authority members and ratepayer representatives.

The Act has two primary objectives. Firstly, it allows local authorities to target important national and local objectives in Rates Alleviation and Abatement Schemes. This could mean supporting certain parts of the city/county or business sectors identified in local authority plans.

Secondly, the Act modernises the rates levying and collection regime.

It modernises key aspects of the legislative code to make rates more transparent for ratepayers and also streamlines the process of local councillors setting rates.

It is very important that ratepayers pay what they owe on time and it is equally important that local authorities are transparent in showing how that funding is spent to the benefit of the local area.

A key intention of this legislation is to encourage ratepayers to engage with their local authority more, better and sooner in the process.

This will mean that the annual collection process is more effective and efficient for both parties. This relationship needs to be positive, given the critical role of commercial rates in funding services and the vital role of local businesses in our villages, towns and cities.

Some of the more innovative provisions in the legislation relate to the Rates Vacancy Abatement and Rates Alleviation schemes.

Crucially, both of these provisions further empower elected councillors and their local authorities to target policy objectives through locally targeted schemes.

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Councillors can now devise schemes which will provide a temporary rates abatement for vacant properties, to discourage and manage vacant commercial property in towns, villages and cities.

The provision which I think offers most scope to local representatives to input into the development and regeneration of their areas is the new Rates Alleviation scheme.

Councillors can make schemes to support local and national policy objectives and challenges which are particular to their own areas.

It will mean that elected members and local authorities can support specific objectives to promote community, social and economic development, urban planning or rural regeneration. It is the intention that such schemes can be made for specific local electoral areas or municipal districts, empowering local representatives to effect change at the most granular level locally.

We are now focusing on implementation with local authorities.

In this regard, I believe there should be a high level of public consultation with ongoing engagement between local authorities, rate payers and communities.

There should also be an opportunity for local authorities to outline the projects and services to be funded from rates income.

The more local authorities engage with businesses and ratepayers the better equipped they will be to design effective alleviation and abatement schemes and to arrange suitable, equitable payment plans.

Overall, ratepayer groups have welcomed the legislation, and also recognising that improvements to rates collection levels are necessary, both for local services provision and so that conscientious ratepayers are not subsidising those who will not pay.

I look forward to commencing the forward-thinking provisions and the roll-out of a more modern rates system which is equitable for all and innovative in its ability to make a difference locally.

More broadly, this critical legislation fits into the local government modernisation agenda pursued by this Government. We are striving to ensure that local authorities are securely funded to deliver more and better services.

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