



IRELAND – October 2019

COMMERCIAL RATES HIKE IN GALWAY CITY ‘STILL ON THE TABLE’ 1

Commercial rates hike in Galway City ‘still on the table’

A proposal from management at City Hall to increase commercial rates in the budget for 2020 remains on the table, despite outright opposition from local businesses.

Sources in Galway City Council have indicated that they will present a draft budget at a meeting in November, which will include a proposal to increase commercial rates.

Last month, Interim Head of Finance at Galway City Council, Nepta Moggan, presented a draft budget to elected members that included a 1.75% hike in commercial rates.

This, she said, would bring in an additional €780,000 over a year, and would cost each ratepayer some €1.53 on average, per week.

Sources at the Council indicated this week that that proposed increase in rates will be included in the draft budget Ms Moggan, and Chief Executive Brendan McGrath, bring forward to the budget meeting in November.

It will be up to the 18 city councillors to put forward an alternative budget – which must be balanced – if they don’t agree with the draft presented to them.

In order to keep rates static – which is what two of the city’s business organisations have called for – councillors will have to find savings or other revenue streams in the budget that amount to €780,000.

“The only thing off the table is an increase in Local Property Tax (LPT), because councillors voted not to increase that. Everything else is on the table, and the draft budget outlined last month during the debate on LPT, which includes an increase in commercial rates, is very much a proposal that the City Council is looking to put forward and believes will be in the best interests of the city,” a source at Galway City Council said.

Galway Chamber and Galway City Business Association (GCBA) both oppose a hike in commercial rates.

Councillor Mike Crowe (FF) said it was “unlikely” that commercial rates will increase but ultimately that was a decision for councillors.

“The proposal from the Council to increase commercial rates wasn’t fantasy. That’s what they want to do. It’s in their draft budget. I think it’s unlikely to happen, but it depends on what the Greens do and what the [former] PDs (now Independents) do,” said Cllr Crowe.

The GCBA, which represents between 100 and 150 members in the city centre – from Mainguard Street to Prospect Hill and Forster Street – is opposed to any hike in commercial rates.

GCBA chairman Cormac McGuckian said: “It’s very uncertain times at the moment, and it’s predominantly due to Brexit. An increase in rates would obviously mean additional costs for our members, in an already tough environment, for retail in

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particular. It's challenging with an ever-increasing cost base between rates, rents, wages, insurance, they're all going in the wrong direction and turnover and figures are not matching it."

GCBA echoes the sentiments of Galway Chamber, which is resisting an increase in rates.

David Hickey, President of Galway Chamber – which represents 400 businesses – said: "Galway Chamber had supported the 3% increase in commercial rates supporting Galway 2020 which is due to expire next year. The Chamber supports the proposed continuance of this 3%, but that the monies be ringfenced to stimulate economic development and enterprise activities. An additional increase of 1.75% cannot be sustained by business and will translate to job losses and increased pressure on already stretched businesses".

The voting down by elected members last month of a proposal by City Council management to increase LPT by 7.5%, means the draft budget will be short by €620,000 before commercial rates are even taken into account.

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