

**County and City Managers
Association Submission to the
Commission on Taxation**

**Prepared by the Office for Local Authority
Management (OLAM)**

May 2008

Introduction

The County and City Managers Association (CCMA) has pleasure in submitting this paper to the Commission on Taxation in response to the invitation from the Commission Secretary of 13 March 2008.

The submission reflects the considered views of the CCMA on the Term of Reference to “consider options for the future financing of local government” and is organised in the following sections:

Section 1: Covers the role, functions, challenges and demands on Irish local government; it draws attention to the contribution of local authorities and their impact on Ireland’s recent economic performance;

Section 2: Outlines the system of financing local government in Ireland and the main elements;

Section 3: Summarises previous reports on local government finance, concentrating in particular on the Indecon Review;

Section 4: Outlines the limitations of the current system and the views of the CCMA on the requirements of a new system;

Section 5: Makes a series of recommendations for immediate implementation to address some of the most urgent issues.

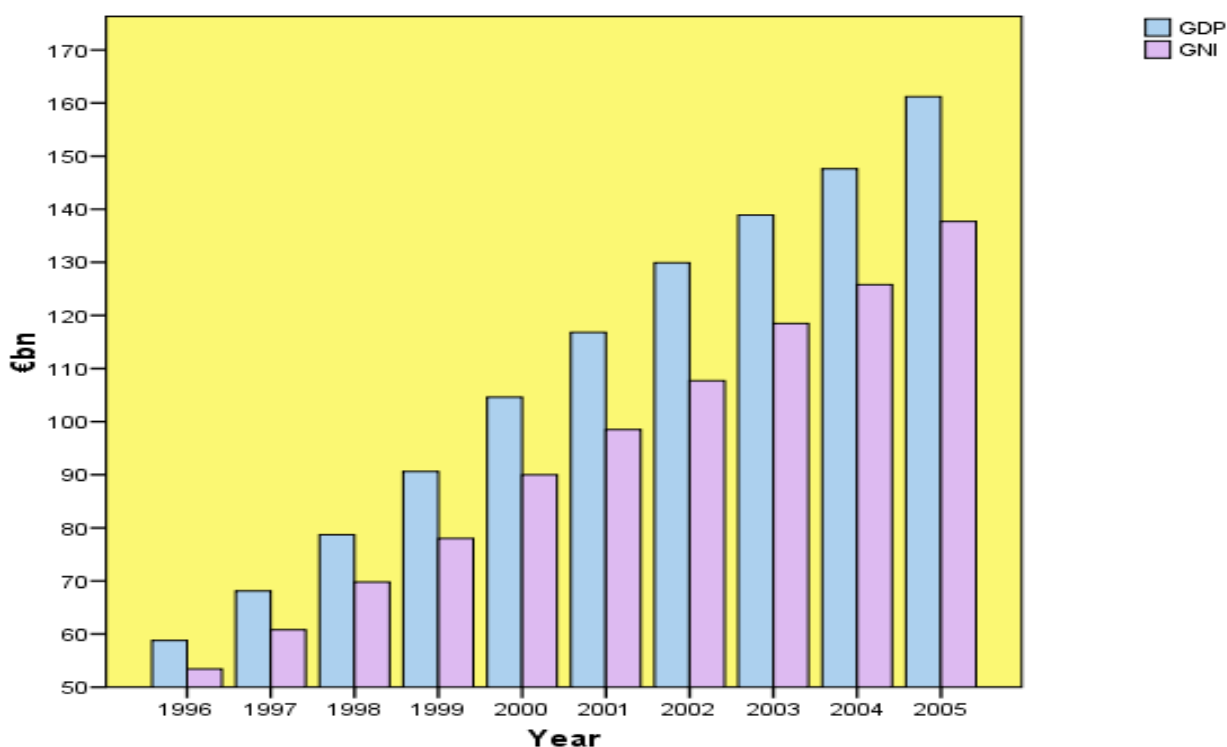
The CCMA confirms its willingness to engage with the Commission as required as it carries out its work.

Section 1: Challenges and Demands on Local Government

In considering the future options for financing local government, it is important that the role of local authorities, their contribution to Ireland's economic performance and the increased demand for services, be understood. For this reason, in this section, the demands on local government currently and its expanded role are summarised briefly.

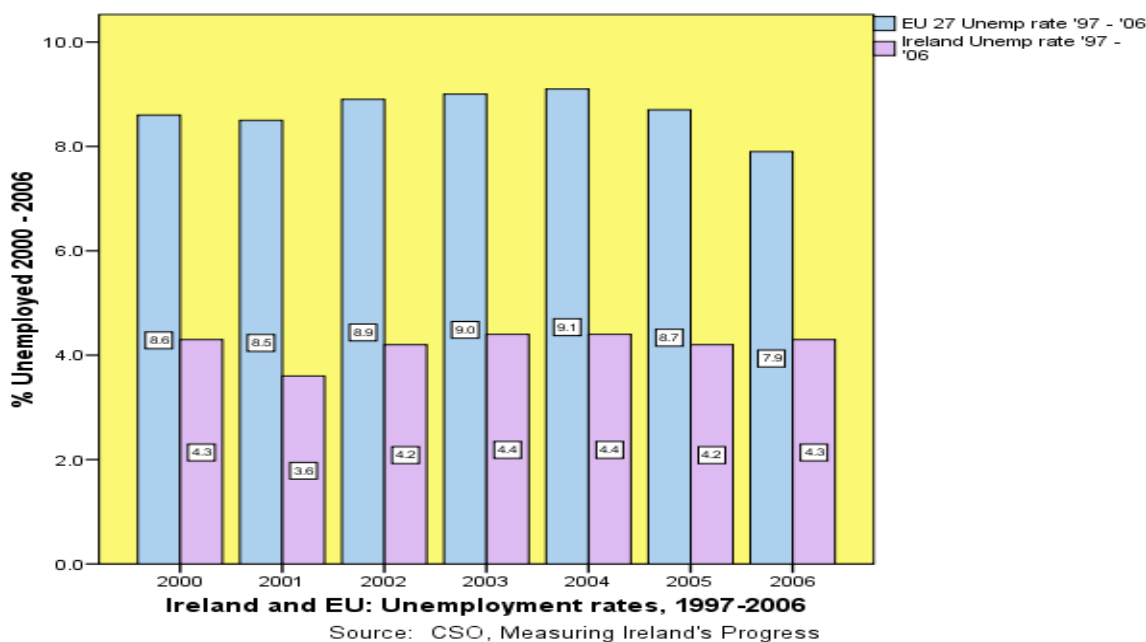
Over the past decade, the Irish economy grew at an unprecedented pace. Irish GDP increased by 174% and GNI by 158% between 1996 and 2005.

Graph 1: Irish GDP and GNI from 1996 - 2005



At the same time, unemployment rates averaged 4.2 per cent between 2000 and 2006, comparing favourably with an average of 8.7 per cent for the EU27.

Graph 2: Ireland & EU Unemployment Rates, 1997-2006



Our economic success has translated into increased purchasing power for persons employed: between 1995 and 2005 purchasing power has increased by 23% (compared to the EU15) or 11% (compared to the EU 27).

Local authorities have made a major contribution to this sustained period of economic growth and created the climate and the environment in which business can flourish. They have responded and continue to respond to demands for services, especially infrastructure, and have worked effectively with state agencies to ensure that the facilities required by multi-national companies considering locating in Ireland are made available in a timely manner and to a high quality. This response has included all aspects e.g. infrastructure to facilitate development, housing, and high quality environment.

Specific impacts that our economic success has had on the work of local authorities include:

- Major increases in the range of housing options offered by local authorities, the huge increase in demand, and the associated need for local authorities to assist in the provision of facilities to build sustainable communities.
- Continuing urbanisation, with ongoing impacts on population, placing pressure on the demands for the timely delivery of social infrastructure to coincide with the delivery of new housing developments.
- Increased consumption of goods and services and their direct impact on the amount of waste being produced. Local authorities have had to develop regional waste

management plans and deal with onerous national and EU legislation regarding the management and disposal of waste, as well as developing plans and systems to reduce the amount of waste going to landfill.

- The provisions of the €184 billion National Development Plan (NDP) 2007-2013 with its emphasis on investment in economic infrastructure and social inclusion measures have implications for local authorities as implementing agencies for many elements of that Plan. The NDP covers national and non-national roads, social housing, water and sewage treatment and quality, provision of broadband and many local improvement projects.
- A substantial number of government initiatives and policy decisions which have placed additional responsibilities on local authorities in the areas of pollution monitoring, housing provision, social inclusion, rural poverty monitoring and development compliance and control.

Demographic Change: Population Growth and the impact on Local Authorities

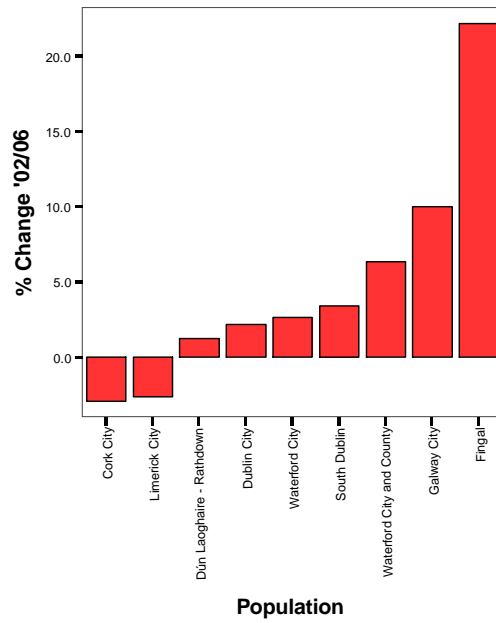
A key long-term challenge facing local authorities is the need to provide high quality public services for a rapidly expanding and changing population. As local authorities provide over 100 different services on a local level, demographic change presents particular challenges for the local government sector.

2006 Census data confirms that demographic change has primarily been characterised by overall increases in the population, and marked levels of inward migration. The past decade has seen an increase in population growth, with an overall population increase of 8% from 1996 to 2006. Moreover, the populations of three counties in particular – Fingal, Kildare and Meath – have grown by 22, 21 and 13.7 per cent respectively, together accounting for one third of the entire country's population growth (See Graphs 3 and 4).

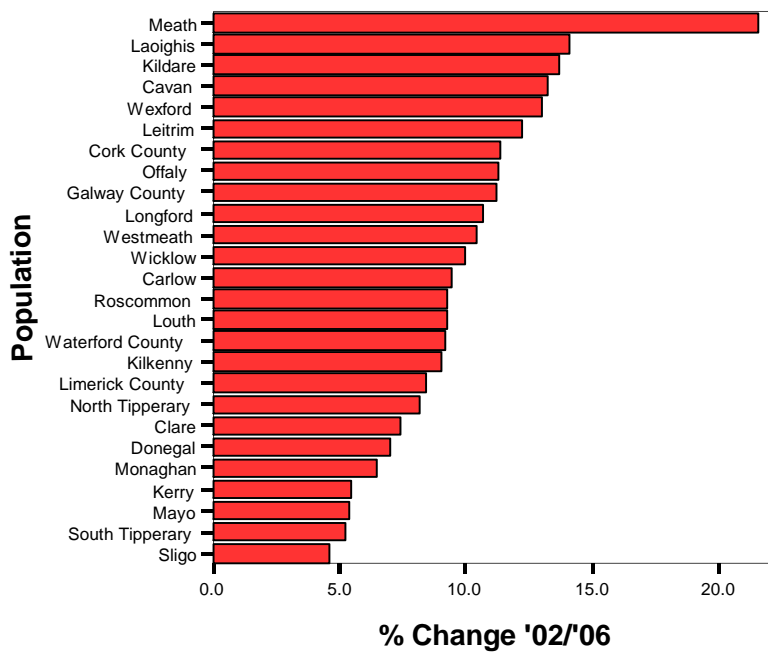
The significance of the demographic change can be seen when we consider that, according to the 2006 census:

- the total number of households has increased by 14% between 2002 and 2006;
- the number of public water connections has increased by 17% and the total number of sewerage connections to public schemes has increased by 16%.

Graph 3: Percentage change in population 2002 – 2006 (Cities)



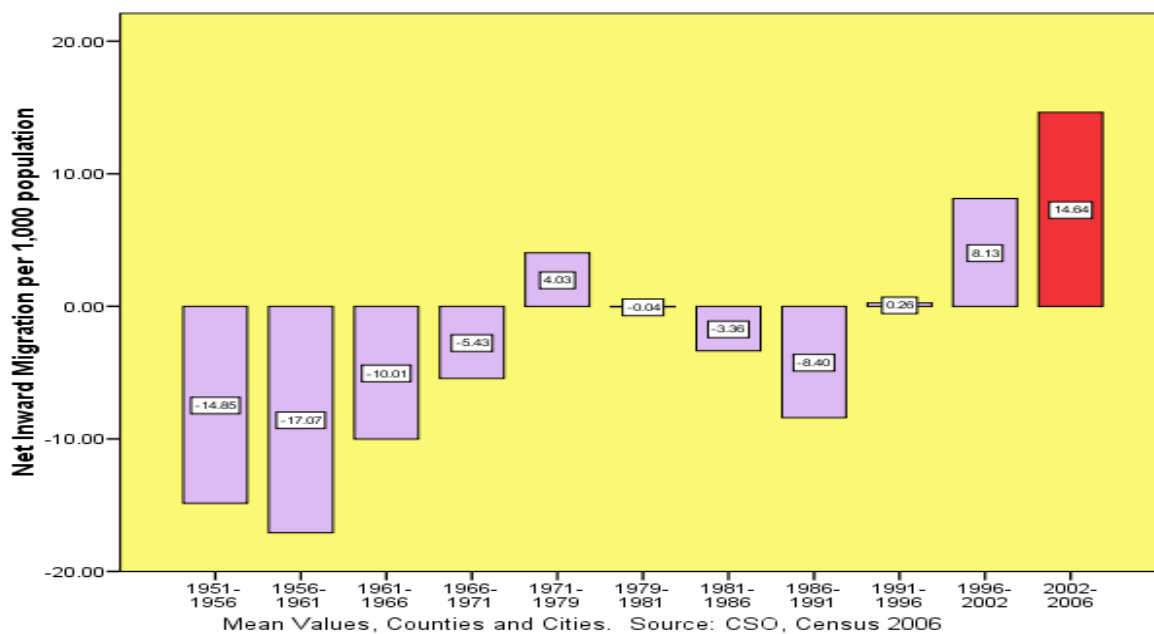
Graph 4: Percentage change in population 2002 – 2006 (Counties)



Demographic Change: Inward Migration and its Impact

The 2006 Census confirms the extent of change in Irish society. The long-term demographic trend is characterised by continued urbanisation, significant population increases and more particularly by marked levels of inward migration (See Graph 5).

Graph 5: Net inward migration 1951 - 2006



In overall terms, according to the 2006 Census, the number of non-nationals residing in Ireland has increased by 87% between 2002 and 2006, such that 14.7% of the population is now composed of non-nationals, with over 10% of the population now composed of residents from outside the EU27.

International research on Irish migration suggests that inward migration tends to impact disproportionately on services at a local level. This is because:

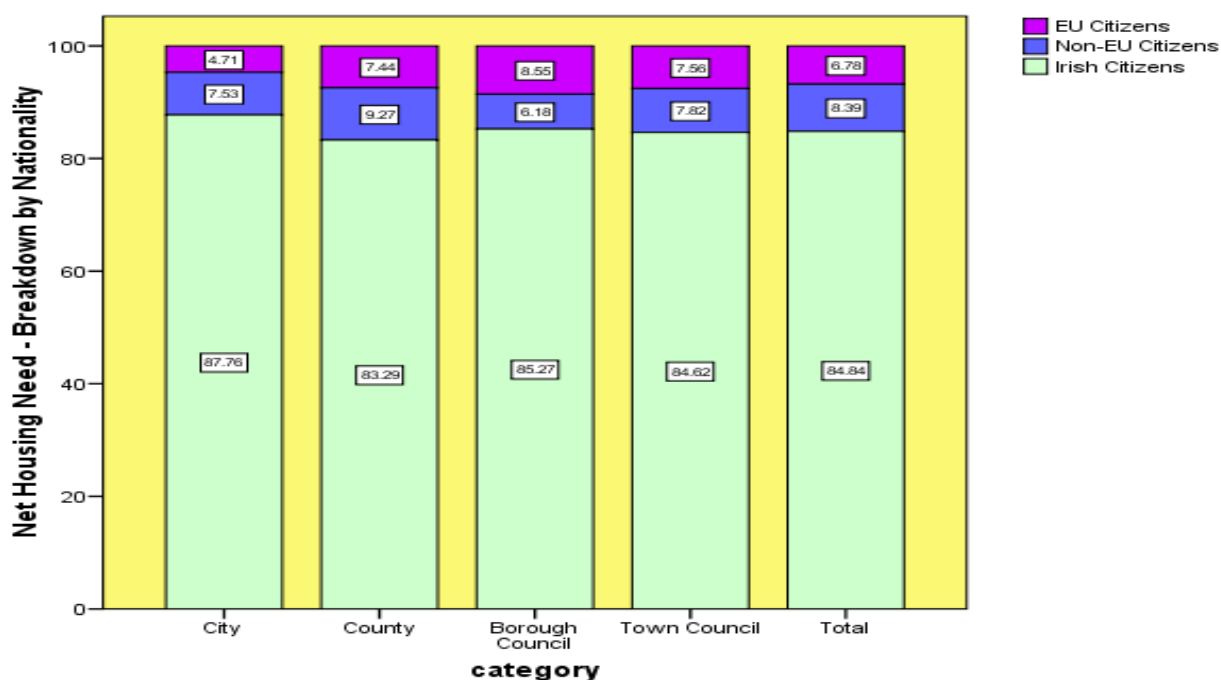
- net inward migration in the context of a rising indigenous population increases demand for local community facilities and infrastructure;
- demographic changes bring with them demands for additional community facilities and infrastructure to meet the needs of new communities;
- migration will particularly impact on local authorities in areas such as housing, and in terms of spatial issues;
- it is possible that as a result there may be a downward pressure on housing standards.

Other research suggests that financial gains from migration tend to accrue to central government, while financial burdens are experienced at a local level (Ref *Managing Migration*

in Ireland: A Social and Economic Analysis. The International Organization for Migration 2006. Commissioned by NESCA.)

The impact of inward migration on levels of housing need across the local authority sector can vary a great deal but provides a good example of how demographic change can impact on demand for local authority services. According to the last Assessment of Housing Needs, Irish citizens constituted 85% of those with housing needs in all categories although this ranged from an average of 83.3% in County Councils to 87.7% in City Councils. The remainder is made up of EU and non-EU citizens. In a small number of cases – typically Fingal (32.3%), South Dublin (17%), Dun Laoghaire-Rathdown (16.2%), Longford (14.3%), Kildare (12.2%) and Cork (South) (11%) – non-EU nationals represent a significant proportion of those in net need.

Graph 6: Net housing need by nationality



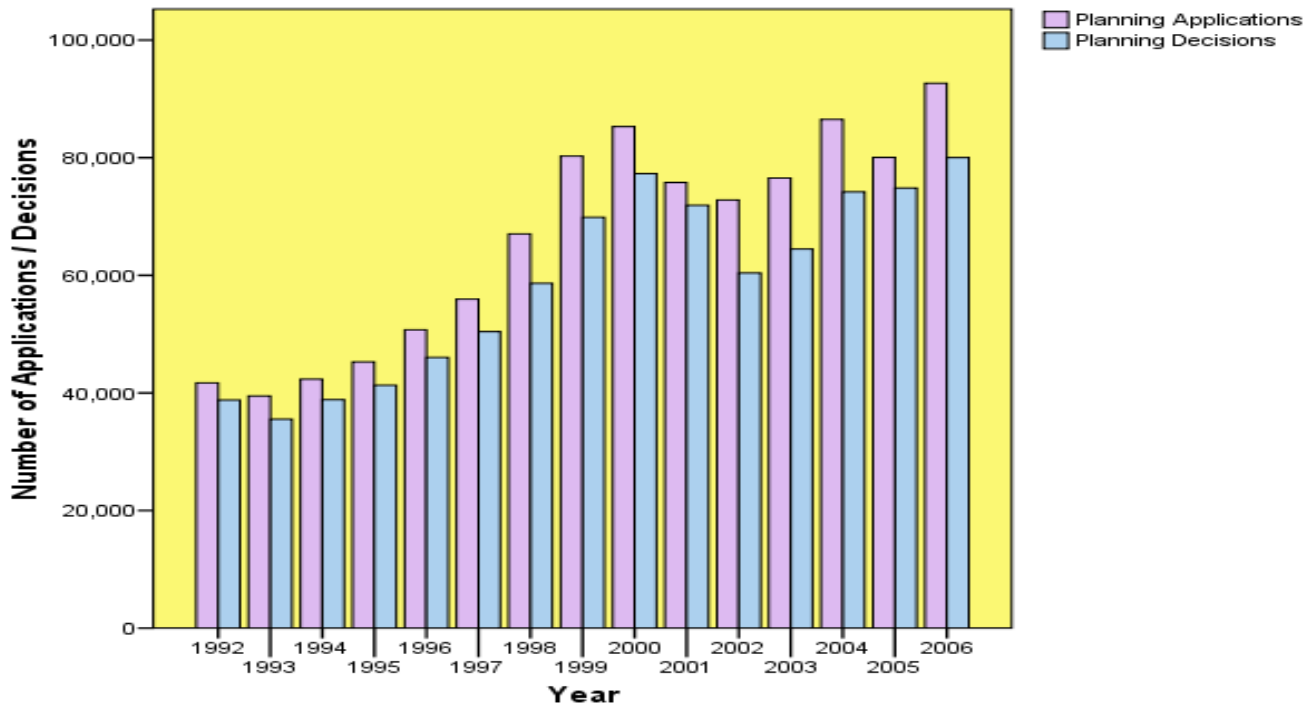
Source: DoEHLG Housing Statistics March '05

Planning Activity

The area of planning and development is one which has experienced consistent levels of growth over the past decade and a half, with an increase in the number of planning applications from 41,711 in 1992 to over 92,651 in 2006 (an increase of +122%).

Planning decisions made by local authorities have also experienced a sharp increase from 38,785 to over 80,000 in the same time period (+106%).

Graph 7: Planning Applications and Decisions, 1992 – 2006



Source: OLAM; DoEHLG Annual Planning Statistics 2006.

It is important to point out that the relatively even pattern of applications in recent years tends to mask the size and complexity of a range of major projects being progressed by individual local authorities, particularly those concerned with pieces of national and regional infrastructure and those with economic significance for government policy which are frequently the subject of planning appeals and extended oral hearings, which put exceptional demands on staff and revenue resources. Equally, the planning statistics fail to capture the increased emphasis on the range of planning enforcement activities carried out by local authorities.

The growing scale of development also impacts on the amount of work involved in preparation of County/City Development Plans which are delivered to a very high standard against tight legislative time constraints and requirements for public consultation.

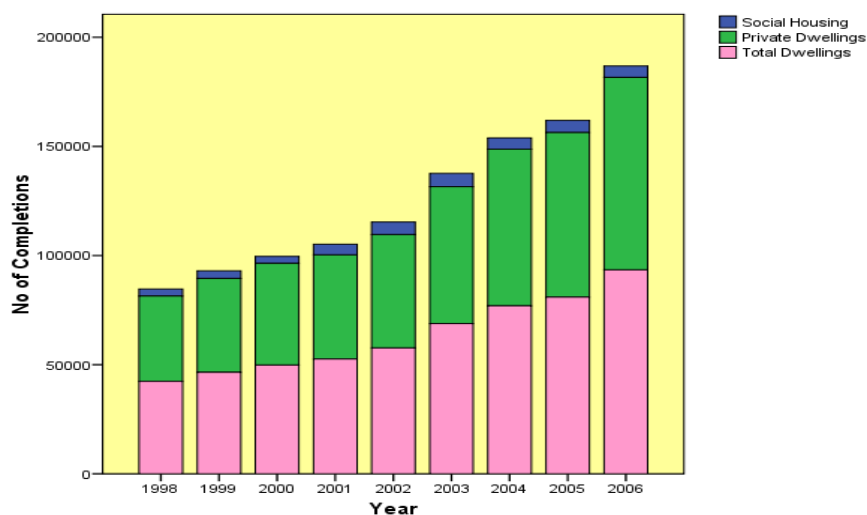
A further examination of planning statistics reveals that between 2001 and 2007 an estimated 138 million m² of permissions were granted for new houses and apartments, while an examination of categories of planning permissions granted shows a steady increase in floor area sizes.

Increased Housing Output

Local authorities, working with national government to implement the policy document *Delivering Homes, Sustaining Communities*, have continued to invest heavily in housing stock and infrastructure to cater for an expanding population. The expanded housing programme is reflected in the growth in total capital expenditure on the public housing programme by 145% (or €946m) over the period 1999 to 2006. This includes house purchase and improvement grants, where investment increased by 42%, while most of the increase is accounted for by local authority housing expenditure, which increased by €889 million or 220%.

Nationally, local authorities have facilitated and made a significant contribution to underpin the well-documented housing boom - such that the total number of dwellings completed on an annual basis has increased consistently from 1998 to 2006 by over 120% (51,070 units). Since 1998, local authorities either directly themselves or through facilitation of other providers have produced 64,783 local authority and voluntary housing units. Between 1993 and 2006, local authority housing units increased by 230%, voluntary output by 39% and private dwellings by 357%.

Graph 8: Housing Completions by Category, 1998 - 2006



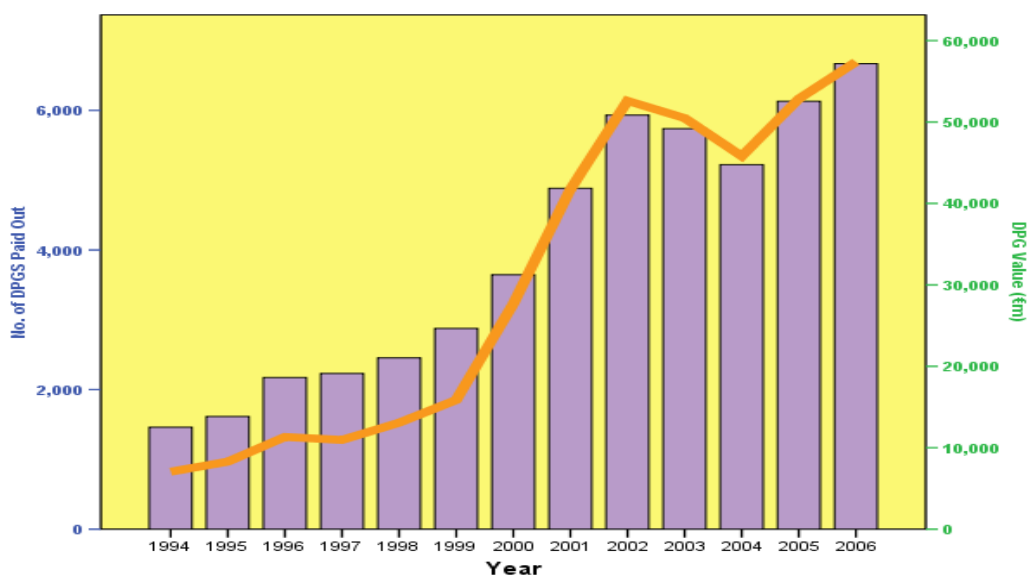
Housing Grant Schemes

Local authorities operate a number of grant schemes to respond to different categories of need. For example, between 1994 and 2006, the number of Essential Repairs Grants processed by local authorities has increased by 404% with expenditure having increased by

over 1000%; similarly the number of Disabled Persons Grants (DPGs) has increased by 356% and the expenditure on DPGs has increased by 713% in the same period.

In addition to implementing these existing schemes, in 2008 local authorities were tasked with new and additional responsibilities under the new Housing Aid for Older People Scheme. Whilst discussions on a number of aspects of this proposal are ongoing, it is a further example of the expanded role being played by local authorities in this important service area.

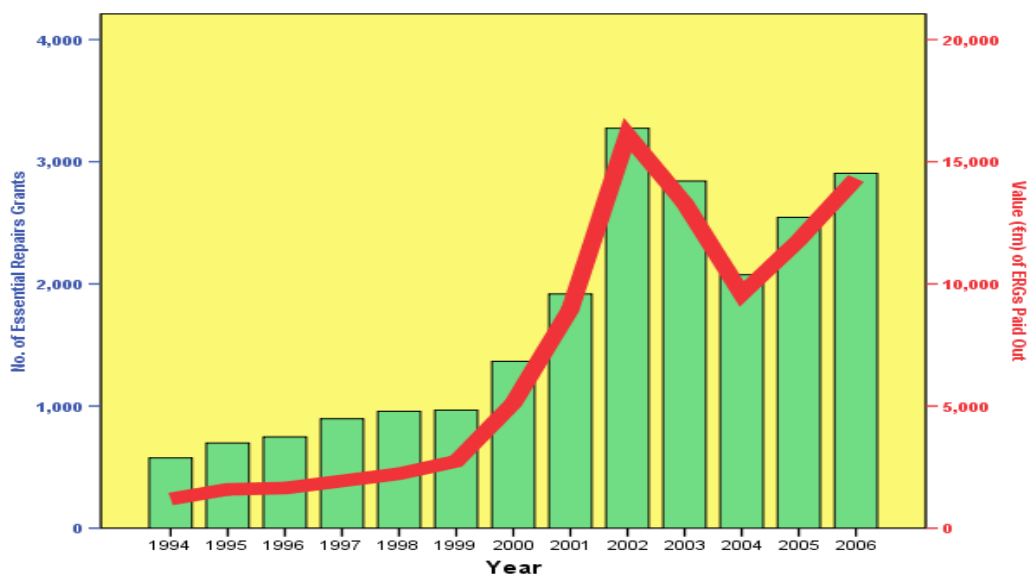
Graph 9: Number and Value (€m) of Disabled Persons Grants Issued, 1994 - 2006



Other Development Activity of Relevance

As well as the areas outlined above, it is important also to record the extent of activity undertaken by local authorities in urban renewal, upgrading many of our towns and villages, and the significant activity in major regeneration projects of older local authority housing schemes.

Graph 10: Number and Value (€m) of Essential Repairs Grants Issued, 1994 - 2006



Examples of Local Authority Activity in Other Areas

A sample of statistics which highlight some other areas of transactional growth of relevance are:

Motor Tax Transactions:

- The number of vehicles registered in the state increased by 17.7% between 1999 and 2006, with an additional 47,521 vehicles using our roads.
- Growth in use of online motor tax services – from zero to 12% between 2004 and 2006;
- Libraries Expenditure and Internet Access:
 - Local authority expenditure on libraries has increased by €37.5m between 2003 and 2007, representing a 46% increase in expenditure.
 - The number of free internet sessions provided by all local authorities increased by 3,227 or 24% between 2004 and 2006.
- Fire Certificates processed:
 - Total No. of Fire Cert Applications Received 2004 – 2006 + 12%.
 - The number of Fire Certification applications processed has increased by 1,437, or 19% between 2004 and 2006.
- Litter Enforcement
 - Between 2002 and 2006, a 25% increase in the number of on-the-spot fines issued by local authorities.
 - Between 2002 and 2006, a 14% increase in the number of prosecutions for the non-payment of litter fines.

In the paragraphs above, the increased demands on local authorities have been described briefly, so as to convey the impact of Ireland's strong economic performance on local authorities.

Quality of Life Issues

Apart from the service provision aspects outlined above, the impact that local authorities make on the quality of life of citizens is immense. Local authorities play a key role in building communities – working independently, but increasingly interdependently with other agencies and organisations they ensure that communities have the appropriate range of services available. These services cover a wide range e.g. schools, rural transport, childcare, jobs, broadband, tourism promotion.

The role of local authorities in advancing the social inclusion agenda is of particular importance. In progressing this aspect of their work, many local authorities have established social inclusion units and some are involved in the implementation of the Rapid and Clar programmes.

Increasingly, the responsibility of local authorities ranges from ensuring high quality water, waste water and refuse services to the provision of services of a recreational nature – ranging from playgrounds, pitches, golf courses, swimming pools and libraries – and those of a cultural nature – e.g. art galleries and theatres. Through these services, as well as through their housing programmes, work with residential groups and their involvement in estate management and related activities, local authorities are playing a key role in building up communities.

Increased Demands Responsibilities and Functions

Local authorities continue to experience significant increases in demand for services, combined with an insatiable appetite on the part of the public and local communities for higher quality services. At the same time, local authorities have demonstrated a willingness and capacity to take on additional roles in implementing national programmes and initiatives including "Towards 2016", the National Development Plan, Transport 21 and the Programme for Government.

In the preceding paragraphs, we have outlined the fact that local authorities are delivering on increased work programmes and additional functions arising from escalating demands related to substantial increases in population and development, migration, cultural and ethnic diversity and greater public demands. In addition, local authorities have taken on new and additional functions and have had to cope with the demands arising from new legislation and especially from compliance requirements. Factors such as health and safety and regulatory

and compliance frameworks impose additional burdens on local authorities, with significant implications for staff and financial resources.

Nowhere has the impact of EU Directives, transposed into Irish law, been more marked than in the areas of the environment and water: the responsibilities imposed on local authorities arising from recent legislation have far reaching consequences and have dramatically increased the level of responsibility and of costs. Specifically in relation to water, these have been spelt out in considerable detail in the CCMA Submission to the Department of the Environment Heritage and Local Government of November 2006. That Submission detailed the new and additional responsibilities and duties imposed on local authorities arising from EU legislation and regulation and their estimated costs. The CCMA has made more recent submissions on the specific additional costs required to achieve compliance with the Drinking Water Directive, and to implement the requirements necessitated by the EPA Report on Drinking Water.

Appendix One contains a summary of the legislative, regulatory and other responsibilities that have been imposed on local authorities in recent years.

Section 2: The Current Funding System of Local Authorities

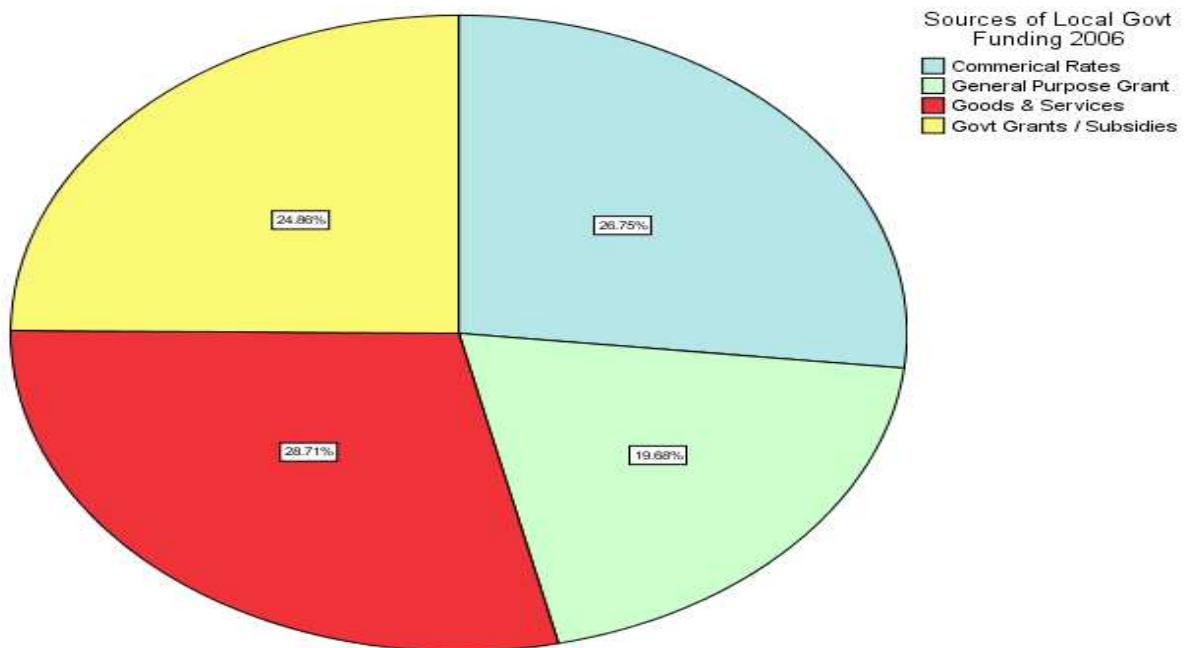
In this section we outline the main components of the funding of local government and their relative importance. The areas covered are commercial rates, the local government fund and development charges.

Following that we provide summary figures on the growth in capital and current expenditure in recent years, reflecting the increased demands and activities.

Sources of Local Authority Funding

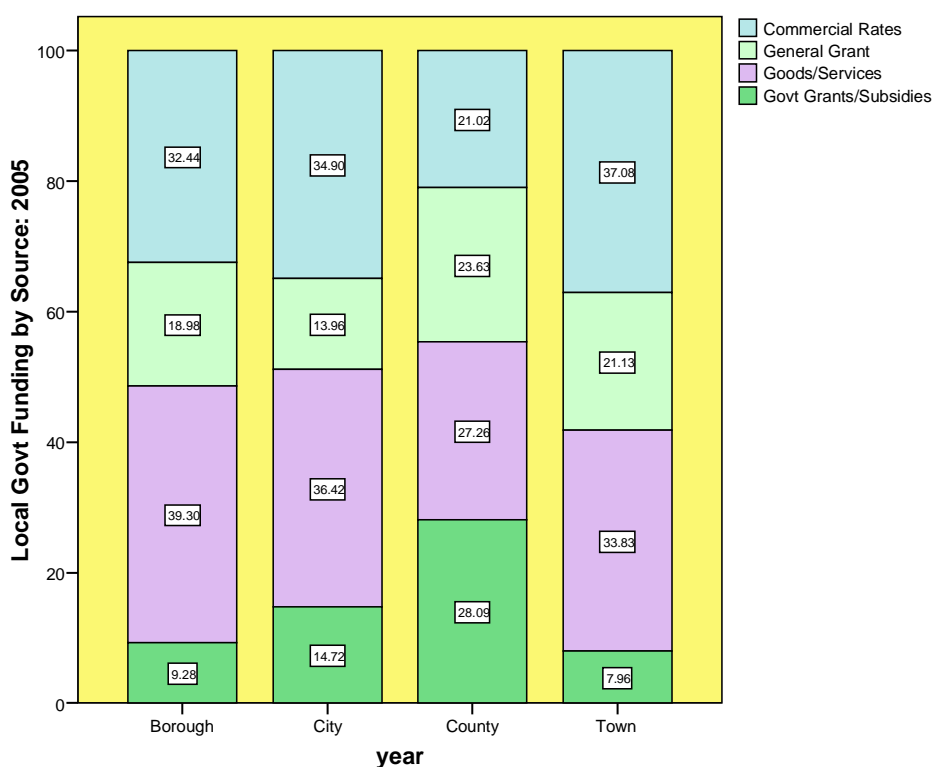
Approximately 26.75% of all funding comes from commercial rates, with goods and services accounting for 29% approximately, and 20% in the form of the general purpose grant. In addition, almost a quarter (24.87%) of funding is sourced from Government Grants. Graph 11 below outlines the sources of funding in 2006

Graph 11: Sources of Local Government Funding 2006



Footnote: LA Annual Financial Out-turns 2006

Graph 12: Breakdown of Local Government funding by Source 2005



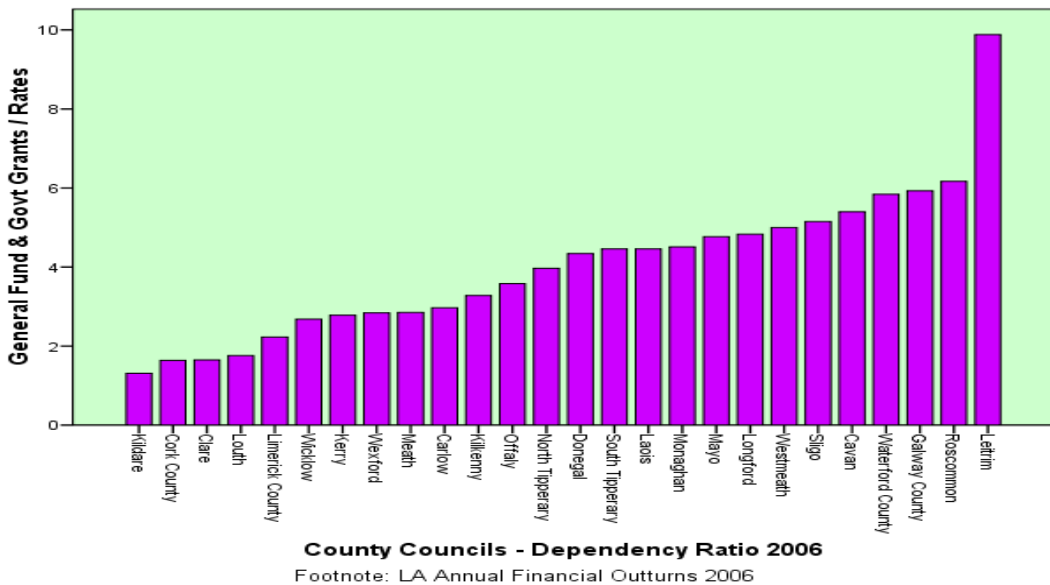
Examining the situation in more detail, Graph 12 demonstrates that boroughs, towns and cities get a higher proportion of their income from commercial rates than county authorities do.

The recent OECD Report drew attention to the composition of sub-national revenues currently, commenting: “More than 50% of the average budget comes from grants. On average 21% comes from local tax revenues. Cities and towns rely more on local tax revenues and relatively less on government grants: the commercial rates received in 2005 provided around 35% of city revenues and 37% of revenues of town councils” (p.68). Elaborating on this point it recorded that “Rural areas are dependent on central government grants and receive 7 to 8 times more grants than local tax revenues that they can raise”. The Report further observed that “The dependency ratio , expressing the ratio of central government grants and local tax revenues, is very high for most local authorities in Ireland.....Only the city councils and a few county councils manage to have more (or as much) local tax revenues than central government grants” (p.71)

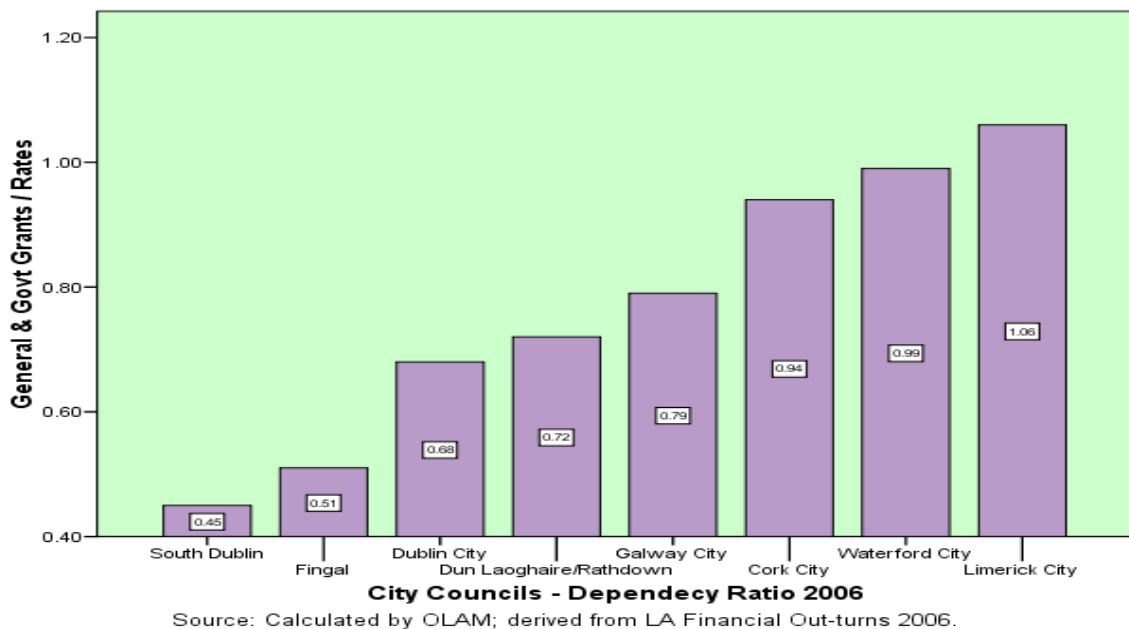
The two graphs that follow present the dependency ratios for Irish local authorities, depicting the high level of dependence on central government funding and grants in cities and counties.

The dependency ratio is expressed as the level of government funding (i.e. from the Local Government Fund and General Grants) divided by the amount of rates income raised locally in 2006.

Graph 13: County Council Dependency Ratio 2006



Graph 14: City Council Dependency Ratio 2006



This measure is useful in that it highlights the ability of local authorities to raise their own funding on a local level. The dependency ratio varies starkly by local area, ranging from a minimum of .45 (in the case of South Dublin) to 9.88 in the case of Leitrim County Council. In overall terms, the most dependent local authorities (those categorised in the 75th percentile) are over 3.8 times more reliant on government funding than the least dependent (see distribution Table below).

Distribution	Dependency Ratio
Minimum	.45
Median	2.913
Maximum	9.88
25 th Percentile	1.24
75 th Percentile	4.78

In addition, our analysis confirms that there is a strong negative correlation between level of population and this measure of dependency: in other words, less populated, rural local authorities are more dependant on central government funding.

It is also worth noting that as long ago as 1985, the Commission on Taxation (1985) on local government funding referred to the declining level of local taxation and noted:

1.9. “We raised with the Department of the Environment the issue of the amount of local taxation needed to ensure the satisfactory operation of local government in Ireland. They replied that

‘...it is difficult to say what the appropriate level of funding from local resources should be: it has gone from about 60 per cent in 1976 to about 35 per cent as regards current account expenditure and this is regarded as too great a swing...’” (p.26)

Year	Rates	State Grants	Misc. Receipts
1976	40.5	38.0	21.2
1980	19.7	59.0	21.2
1984 Estimate	12.2	64.0	24

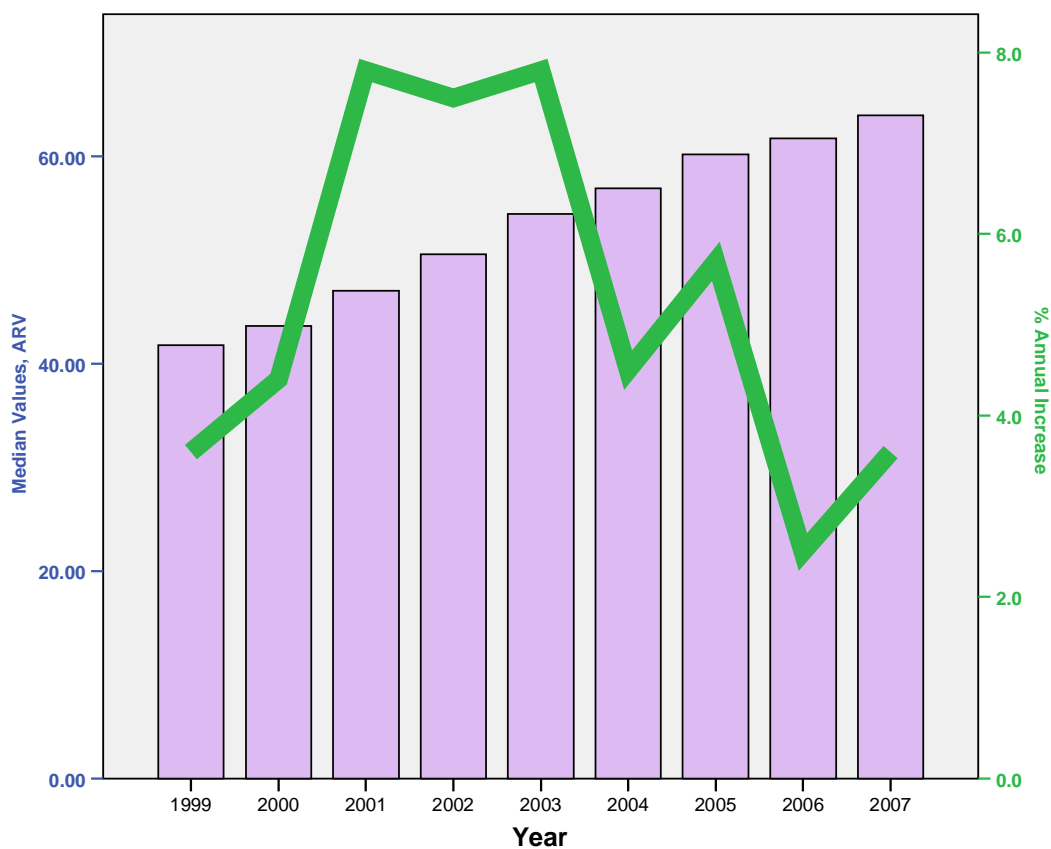
Commercial Rates

As indicated earlier, unlike any other government sector, local authorities are partly dependent on the business community for rates income and are extremely conscious of the need to maintain competitiveness and control rates increases on an annual basis. Indeed,

over recent years local authorities have responded positively to Ministerial requests to keep rate increases at a relatively low level such that for a number of years there has effectively been a cap on rate increases.

Objective analysis of rate rises confirms this trend. Graph 15 below highlights the trend where median values for ARVs have been characterised by moderate rate increases, such that between 2002 and 2007 typical ARV increases have in fact halved, from around 7.5% to under 4%.

Graph 15: ARV 1999 – 2007, (Median) Average Values and Annual % Change



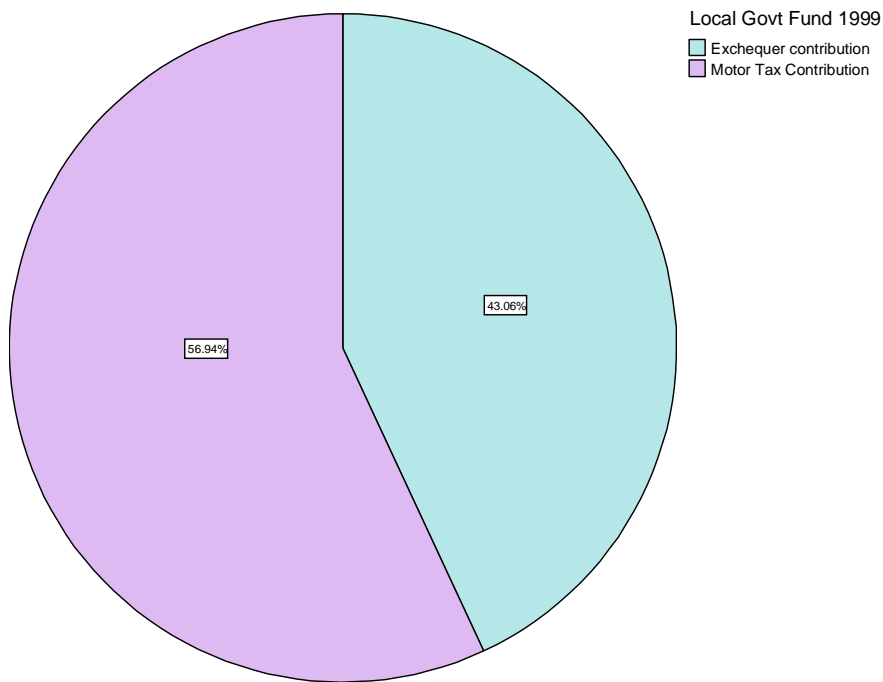
In practice, local authorities have to take account of the views of their various stakeholders who have a keen interest in charges levied, including on individual customers for services and significantly on the commercial ratepayers.

At present, therefore, local authorities are limited in both the sources of funding available to them and the amount of finance they can raise. This is clearly a challenge for authorities at a time of increased responsibilities and demands.

The Local Government Fund (LGF)

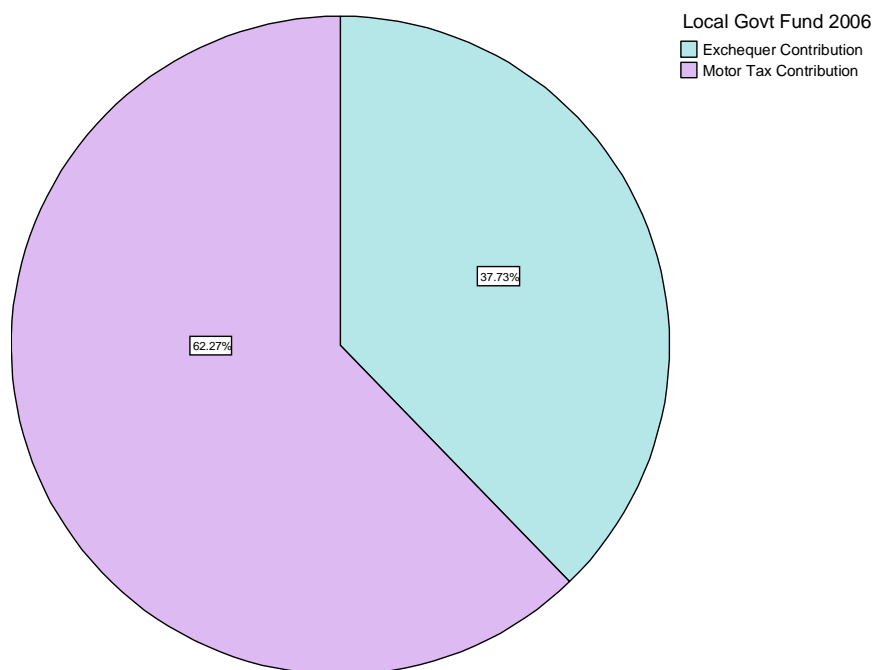
A new mechanism for providing central government support for local authorities current funding requirements, the LGF, was established in 1999. It is financed by the full proceeds of motor tax and an annual exchequer contribution. CCMA analysis shows that, over time, the Exchequer proportion of the Local Government Fund has actually fallen. In 1999 at the establishment of the fund, the Exchequer contribution represented approximately 43% of the fund, but by 2006, this had declined to 37.7% (see Graph 16 and Graph 17 below).

Graph 16: Local Government Fund Breakdown, 1999



Source: OLAM; Oireachtas Debates.

Graph 17: Local Government Fund Breakdown, 2006



Footnote: Local Authority Financial Outturns 2006

The CCMA has consistently highlighted their view that the local authority funding system is struggling for sustainability. It is clear to the CCMA that there is a very real need for funding deficits and constraints to be addressed at a national level. It is the CCMA's contention that, given the scale of the impact of cost increases in areas such as waste management and water services, an increased proportion of the total Local Government Fund is now being taken up by water and waste running costs, such that the balance for all other services is accordingly limited.

This trend is confirmed in recent times if we examine the growth in costs for Programme Group 3 (Water Services) and Programme Group 5 (Environmental Services) relative to the growth in the Local Government Fund. As Table 1 shows, PG3 and PG5 costs increased by 208% and 252% between 1997 and 2006, compared with a 159% increase in the Local Government Fund. Alternatively, costs in PG3 and PG5 increased by 84% and 59% respectively between 2002 and 2006 compared with a 48% increase in the Local Government Fund. More particularly, the increasing cost impact of EU directives in areas such as environmental and water services is seen clearly in the significant increases for both service areas in 2006 (32.9% and 26.1% respectively) which far outpace the rate of increase in the Local Government Fund (See Table 1).

Graph 18: Current Expenditure (€M) 2001 -2007, Selected Programme Groups

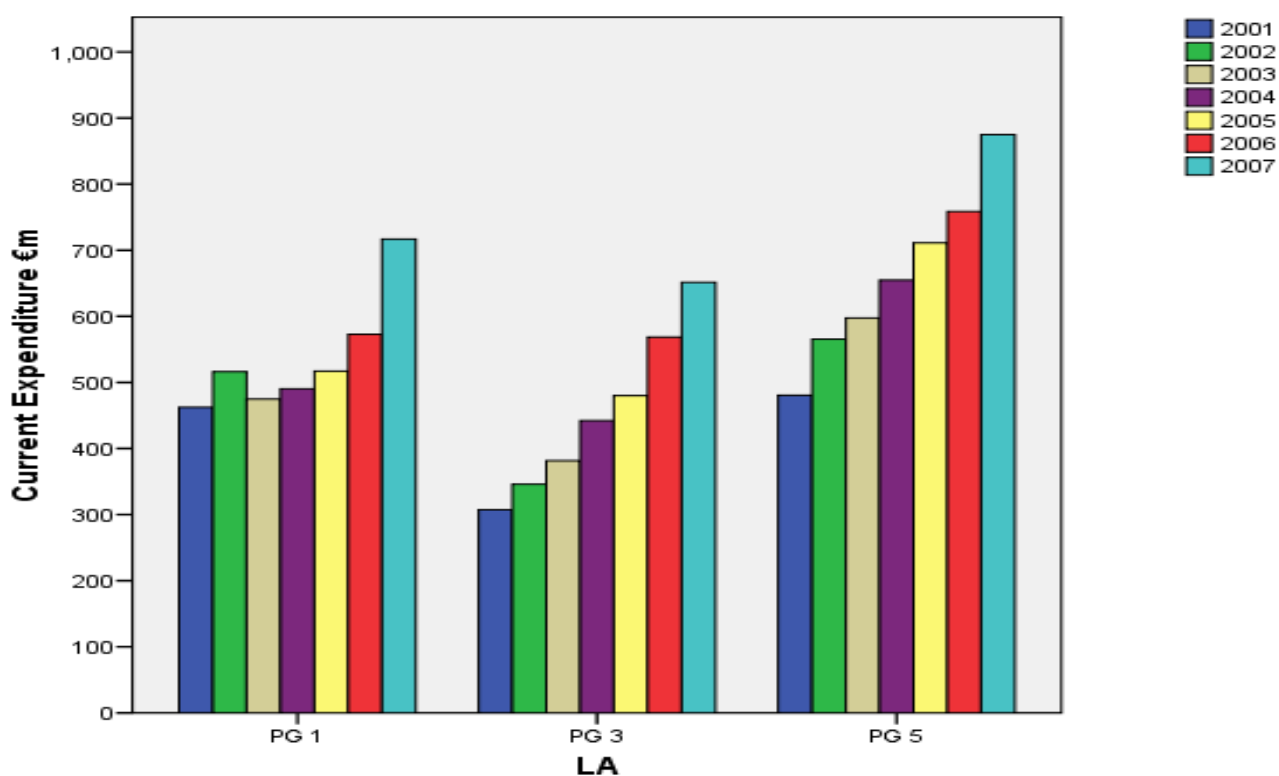


Table 1: LGF Income and PG3, PG5 Expenditure (€m) Compared

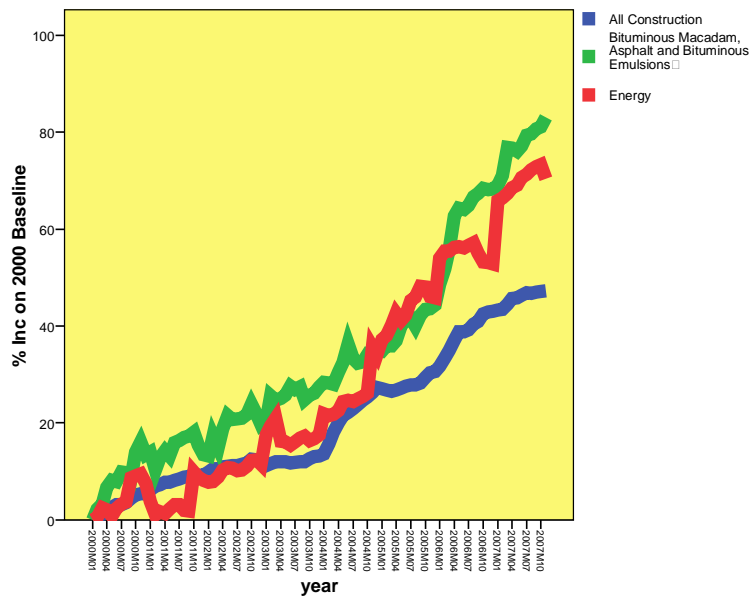
Year	PG3 €m	PG5 €m	LGF €m
1997	207.1	255	339
1998	225.8	290.4	368
1999	244.3	336.1	439
2000	271	399.8	469
2001	307.3	480.7	555
2002	346.1	565.5	592
2003	381.5	597.5	659
2004	442.4	654.8	752
2005	479.9	711.1	817
2006	637.8	896.7	877
% Increase 1997 - 2006	208%	252%	159%
% Increase 2002 - 2006	84%	59%	48%

Table 2: Annual Rate of Increase in PG3, PG5, LGF

Year	PG3 % Inc	PG5 % Inc	LGF % Inc
1997	-	-	-
1998	9.0	13.9	8.6
1999	8.2	15.7	19.3
2000	10.9	19.0	6.8
2001	13.4	20.2	18.3
2002	12.6	17.6	6.7
2003	10.2	5.7	11.3
2004	16.0	9.6	14.1
2005	8.5	8.6	8.6
2006	32.9	26.1	7.3

In addition, whereas there is a tendency to compare LGF increases with the rate of consumer inflation, a significant element of the local authority cost base – for construction materials, supplies, energy costs etc. - is more appropriately compared with the Wholesale Price Index where the costs of building and construction materials, bituminous materials and energy costs have risen by around 11.8%, 23% and 11% between 2006 and 2007, respectively¹.

Graph 19: Rate of inflation in Construction, Energy and Road Construction Material 2000 - 2007



¹ Based on most recently available data, CSO.

The tables above illustrate the view of the CCMA that the Local Government Fund in more recent years has failed to keep pace with the scale of cost increases associated with local government activities. **Moreover it is considered essential that the value of the direct exchequer contribution is maintained.**

Development Charges

Because of the relatively recent changes in the legislation, and the extent of media misinterpretation of development charges, and their contribution to overall local authority finance, the following paragraphs summarise their intent and place in the funding of local authorities.

The Planning and Development Act 2000 ushered in comprehensive reform of Irish planning legislation. In practice, this significantly revised and broadened the development contribution system to address some of the weaknesses inherent in the '63 scheme.

Firstly, the new scheme was designed to ensure developers and others contributed towards the cost of 'public infrastructure and facilities' that would benefit the *community as a whole*.

The definition of "*public infrastructure and facilities*" was broadened to refer to the following

- (a) the acquisition of land;
- (b) the provision of open spaces, recreational and community facilities and amenities and landscaping works;
- (c) the provision of roads, car parks, car parking places, sewers, waste water and water treatment facilities, drains and watermains;
- (d) the provision of bus corridors and lanes, bus interchange facilities (including car parks for those facilities), infrastructure to facilitate public transport, cycle and pedestrian facilities, and traffic calming measures;
- (e) the refurbishment, upgrading, enlargement or replacement of roads, car parks, car parking places, sewers, waste water and water treatment facilities, drains or watermains, and
- (f) any matters ancillary to *paragraphs (a) to (e)*.

Secondly, under the new scheme, local authorities are obliged to re-invest all funding in ring-fenced capital projects.

How it Works in Practice

Planning authorities were required to draw up a general development contribution scheme no later than 10th March 2004. Local authorities undertook lengthy consultation processes prior to adopting their schemes. This consultation process included local councillors, relevant

stakeholders, the DoEH&LG and the Minister. Under the legislation, four weeks after consultations have been completed the County/City Manager is obliged to prepare a report on observations received and bring the proposed scheme before the Council.

The General Contribution Scheme is then to be adopted by councillors and so represents a *significant additional role for councillors* as they exercise the power to vary, adopt, modify or reject a proposed scheme. It also enables a direct link to be made between development and associated requirements in particular local authority areas.

In summary, the key features of the new scheme are:

- That it is not related to specific developments;
- That there is provision for a high level of consultation;
- The elected members play a key role in the adoption of the scheme and the range of charges;
- It also includes an appeals mechanism to An Bord Pleanála in cases where the General Scheme has been improperly applied.

In overall terms, reflecting on the comparison between the 1963 and 2000 schemes, the CCMA believes that the reforms introduced are positive because the reformed scheme:

- Introduces a greater degree of transparency and local accountability to capital expenditure;
- Ensures funding is ring-fenced for capital projects;
- Requires local authorities to adopt a long-term, holistic approach to prioritising and allocating funding;
- Gives councillors a greater role in designing and agreeing on the scope and level of charges;
- Expands the range of infrastructure that can be funded under the scheme, to the benefit of the wider community.

It is important to recognise that, given the provisions of the legislation and having regard to *local democracy*, *local discretion* and *local investment* priorities, it would be unreasonable not to expect variations in charges between local authorities. Despite this, much of the public statements of opposition to the charges have focussed on this aspect.

Development Contribution Income

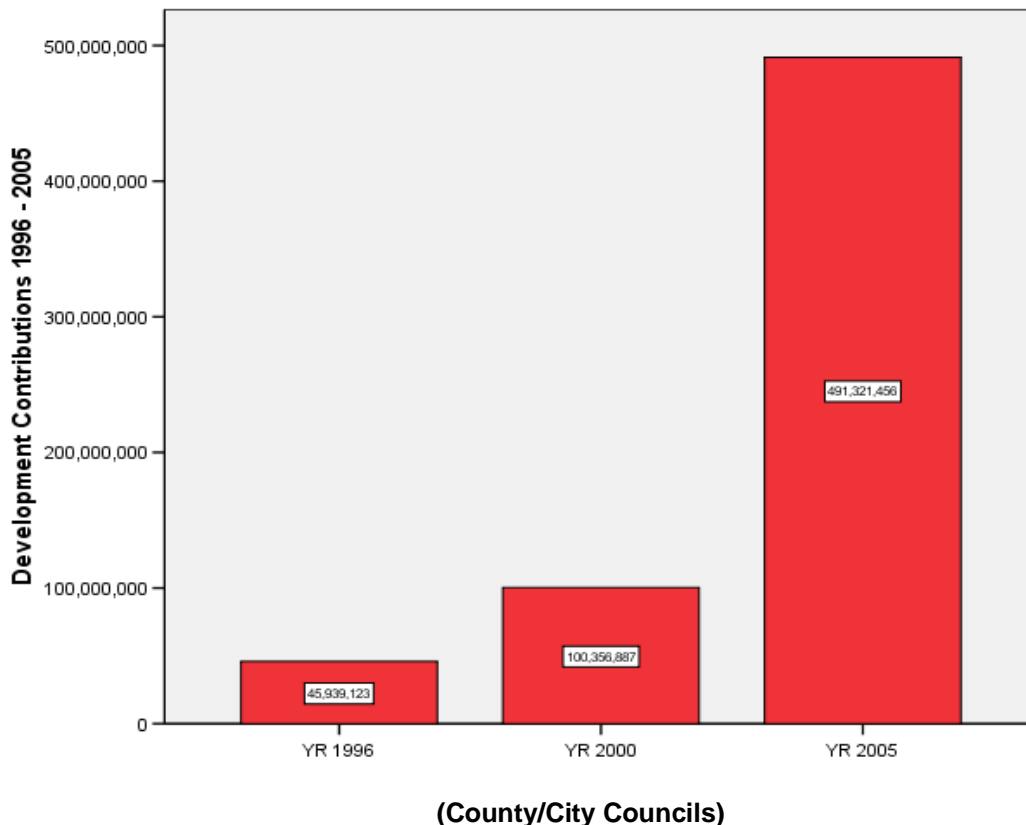
The level of income accruing to local authorities from development contributions has been highlighted as an issue at national level. It has generally been represented in a negative and inaccurate way, with discussion focusing on development contribution income in isolation from planned expenditure.

The relevant data on development contributions in their appropriate context is covered in the following paragraphs. We argue that any comparison between development contribution income and local authority revenue income is misleading.

Typically various stakeholders and commentators tend to highlight the level of growth in income from contributions, linking this increase to the health of local government finances. For instance, using the evidence from Graph 20 in isolation, one might conclude that local authorities are quite wealthy, since income for County/City Councils from development contributions has risen rapidly in recent years from over €45m in 1995 to approximately €491m in 2005.

However, the key point is that development contribution income can only be used for capital investment purposes. Accordingly, any narrowly-focused discussion of development contributions in relation to revenue or running costs of local authorities, or to the Local Government Fund has little validity. While this point may be appreciated by policy-makers/practitioners with in-depth knowledge of their background, it is clear that this message is not being understood more generally, leading to misunderstandings of the true situation.

Graph 20:
Capital Income from Development Contributions, 1996 – 2005



Source: DoEH&LG

In order to engage in more informed analysis, there is a need to recognise that:

- development contributions are a *form of planning gain*;
- income accruing is *ring-fenced* and cannot be used for general local authority expenditure purposes;
- for instance under the Government's Water Pricing Policy, local authorities are required to fund an element of future water and wastewater services through development contributions; this element of local contribution has increased significantly in recent years, placing a huge burden on local authorities to fund their portion of capital cost;
- income accruing is being invested in *long-term capital projects* - whilst there may be a time-lag between the payment of a contribution and the delivery of infrastructure, the monies involved are ring-fenced and will ultimately be used to fund and underpin a planned capital investment project;
- so far there has been no evidence nationally of any negative impact on the pace of economic growth or development arising from the application of development contributions;
- development contributions as an income source need to be placed in the broader context of the overall Capital Investment Programme;
- in some cases, local authorities need to *borrow monies in advance* to fund major infrastructure projects, and are then heavily dependant on development contributions to repay these loans.

The Impact of Development Contributions relative to the overall Capital Investment Programme

An analysis carried out by the CCMA has found that development contributions form a *relatively minor portion* of the substantial cost of local authority capital investment programmes.

For instance, from a sample of 27 County/City Councils, expected income from development contributions between 2006 and 2008 amounts to approximately expected €1.52 bn.

However, based on the same 27 local authorities, these development contributions account for only 8.5% of the total Capital Investment Programme of approximately €17.7 bn. This is a critical figure and illustrates the relative place of development contributions in funding the public capital programme. In comparison, the approximate proportion of capital investment local authorities are expected to fund by way of loans was 16.9% (*Source: OLAM, 2006*). **In summary the total investment programme dwarfs the income from development contributions.**

It is also important to point out that the level of income expected from development contributions may not necessarily materialise in practice: clearly it is a function of the planned development being carried out. In the current climate, this may be an additional concern of local authorities.

Trends in Capital and Current Expenditure

We have already outlined the increased demands, range and scale of activities of local authorities, and examined some of the main sources of revenue.

When we examine trends in capital and current expenditure, the scope of the range of services and the level of investment in local communities becomes readily apparent. In comparative terms, the past five years have signalled the most significant expansion in local authority services and capacity.

Graph 21: Current and Capital Expenditure (€m) 2002 - 2006

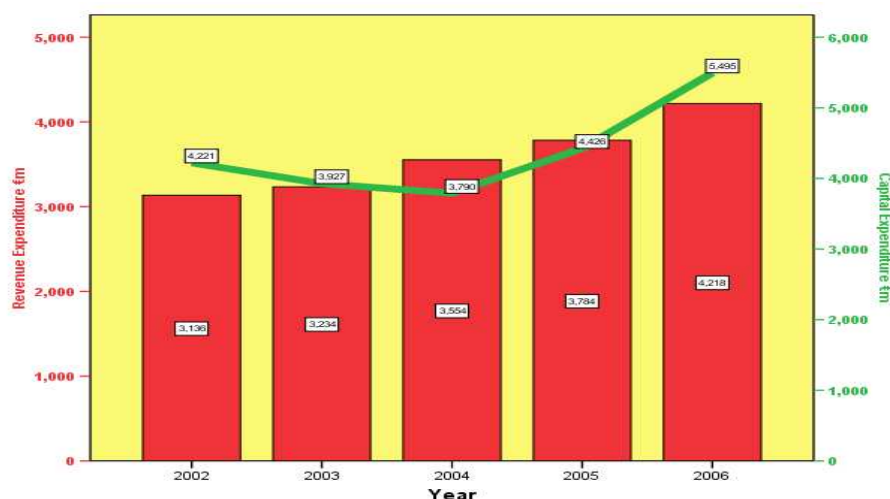


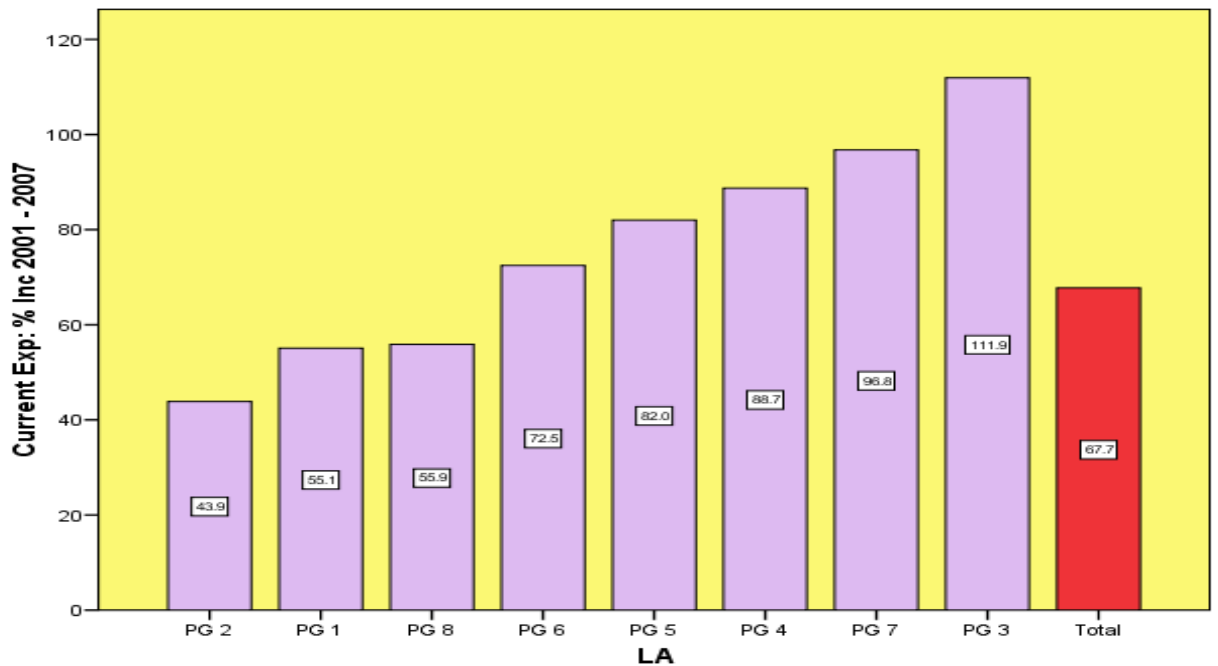
Table 3: Local Government Expenditure 2002 - 2006

Year	Current Expenditure (€m)	Capital Expenditure (€m)	Total Expenditure (€m)	Annual % Change
2002	3,136	4,221	7,356	
2003	3,234	3,927	7,162	-3%
2004	3,554	3,790	7,345	0%
2005	3,784	4,426	8,210	12%
2006	4,218	5,495	9,712	32%

As shown in Table 3, the Revenue Expenditure budget shows increased from €3.13bn in 2002 to €4.21bn in 2006 (+34%); during the same period, due to the 'ramping up' of the

National Development Programme and investment in areas such as housing and water services, capital expenditure has increased by a third, from €4.2bn to €5.495bn. In overall terms then, capital and current expenditure combined have increased from €7.356bn in 2002 to €9.712bn (or by 32%) over a five year period.

Graph 22 – Current Expenditure 2001 – 2007 by Programme Group



The recent OECD Report acknowledged the increases in expenditure: “All key local expenditure categories increased over the last decade, most significantly in environmental protection (an increase of 178% over 1996 – 2004), road transportation and safety (+ 110%) and water supply and sewerage (+ 120%). Reasons for this strong growth in local expenditures include the demands of a fast growing economy, a rising population and a large scale infrastructural investment plan.....It is expected that sub-national expenditure will rise further in the future. This will require buoyant revenue sources for local government” (p.67).

Section 3: Summary of previous Studies of Relevance

It is fortunate that the recent work of the OECD team has become public in recent weeks and it is our view that it covers a number of aspects that are relevant to the work of the Commission. With regard to local government the Report commented that: “ From an international perspective, there is little fiscal autonomy in Ireland. The share of subnational revenues (as part of total government revenues) is very small: there is a fiscal gap that the central government fills with grants to local governments. Among unitary authorities in the OECD, only Greece has a lower share. The spectacular growth in subnational expenditure share over the last decade was not translated into more local resource: the share decreased even slightly between 1995 and 2004. Ireland is unique in the sense that no local taxes are levied on citizens; the local taxes that exist are the so – called commercial rates, paid by companies registered within the boundaries of the local authority. These rates are capped: the room for local governments to manoeuvre is very small” (p.70). It is important to clarify that this does not accurately convey the situation: in fact in recent years Ministers have requested that rate increases be kept at a low level.

The most recent review of local government financing was commissioned by the Minister for the Environment, Heritage and Local Government in 2004, completed by Indecon International Economic Consultants and published in March 2006. The CCMA made a significant submission to the review (available if required by the Commission). In the following section we briefly consider the report’s findings and recommendations and outline the CCMA’s response.

The Indecon Report recognised the scale and impact of local authority activity in the community and the key role local authorities have played in underpinning Ireland’s economic success.

Among its findings, the report confirmed the significant and growing gap in local authority funding, and concluded that the necessary efficiencies at local authority level “cannot be realised within existing financing structures”.

In relation to projections of future expenditures and revenues, Indecon recognised that various approaches could be used to predict the likely scenario facing the sector to 2010. However, on a conservative basis it concluded that the gap by 2010 between projected income and expenditure would likely be between €415 million and €1,500million. They went on to record that “Even assuming continuing growth in charges and increases in commercial rates, motor taxation, and increases in government subsidies in line with inflation, the figures suggest a growing funding gap ... this needs to be addressed by a combination of

efficiencies, increases in charges, commercial rates, or motor taxation, new sources of local revenues or increases in exchequer funds, or a reduction in services”

In order to address the widening funding gap, the Study made three main recommendations to increase income:

- It called for the introduction of a water charge on non principal private residences;
- It proposed to introduce some other local element of property tax;
- It proposed measures to ensure local authorities recover the full cost of agency services.

The Report also made a number of expenditure recommendations to improve the efficiency and effectiveness of local authorities

- It called for “radical“ change in incentives facing users, including the introduction of economic charging for services
- It proposed a number of efficiency measures including the consideration of alternative delivery mechanisms in
 - Contracting Out and
 - Shared Services

Appendix Two contains a summary of the main recommendations of the Indecon Report.

The CCMA welcomed the publication of the Report and in a press release issued on 2nd March 2005 the then Chairman of the CCMA, Mr Niall Bradley concluded:

“The Indecon Report represents a critical and factual analysis of local authority funding. It substantiates the CCMA view that a gap in local authority funding exists and that it is growing and acknowledges that for local authorities to continue serving the community this gap must be funded. It also recognises the important link between raising funds locally, accountability and the principles of local democracy.

“There have been a number of Reports dealing with this issue over the past number of years. The analysis contained in the Indecon Report is persuasive. It is clear that action to deal with the problem will be necessary and we hope that the publication of the Report will be the catalyst for a balanced debate so that local authorities can continue to deliver responses to the needs of citizens for 21st century services.”

Whilst the main findings of the Indecon Report were not accepted by Government, considerable progress has been made by local authorities in advancing the “ efficiency agenda” in recent years. This has been necessary in order to cope with the ever increasing

demands outlined earlier. Progress made has been documented in a recent submission by the CCMA to the DoEHLG “Efficient and Effective Local Government: Releasing Resources to the Frontline” (February 2008) (This report can be made available to the Commission if required). Progress has also been independently verified by the Performance Verification Group under the partnership process.

However it is the considered view of the CCMA that the analysis carried out by Indecon, their conclusions and the broad thrust of the recommendations are worthy of serious consideration by the Commission on Taxation. In expressing this view, we are cognisant of the significant political and other sensitivities and implications of some of the recommendations, but believe that the long term financial challenges facing local authorities are such as to require a sustainable response on this issue.

Previous Reviews on Local Government Finance

The Indecon report should be seen in the context of a number of previous reviews of local authority financing that have been carried out, including *The Financing of Local Government in Ireland*, published in 1996 by KPMG. The report reviewed sources of local government finance and examined potential funding options for the future. Put simply, KPMG found that the system of funding was too highly centralised, offered limited discretion to local authorities and that the rates base was overly-narrow with no natural buoyancy. KPMG concluded that:

‘The current system of local government financing is in existence, it works and is largely accepted. However, there is limited discretion for local authorities, there is little buoyancy, there are views that the system is inequitable and the funding is perceived by local authorities to be inadequate.’ (KPMG 1996: 7)

The NESC Report on the Financing of Local Authorities (May 1985) expressed the view that local authorities should have greater discretion to determine their own overall spending levels. Whilst accepting that charges for services were a desirable link between consumption and payments, the NESC pointed out that the scope for such charges was limited in practice.

The report did express the view that charges should bear some relationship to usage and made some general recommendations on the introduction of a property tax based on capital values, initially based on self assessment.

In its fourth report, the Commission on Taxation (1985) reached broadly similar conclusions to the NESC. The broad thrust of both the NESC and Commission on Taxation reports was to propose the reintroduction of a local property tax, not to create additional funds, but to replace central government funding with local government funding. This would allow local authorities and local communities discretion over the rates to be applied relative to the need for services.

In spite of what seemed broad government agreement to the concept of local authorities having “opportunities of raising a reasonable proportion of the resources required to meet local needs from local sources” (Government of Ireland, 1985), the proposals for reform were not reflected in government policy.

Views of the OECD Team on Earlier Reports

The views of the OECD team (April 2008) on the earlier reports are of interest: “Several reports over the last two decades have recommended an expansion of local tax autonomy, but none of these recommendations have been implemented. Various reports in Ireland have been critical about the lack of local fiscal autonomy: ranging from a report of the National Economic and Social Council in 1985, the Commissions on Taxation in 1985, KPMG in 1996 and Indecon in 2005. All these reports recommended more room for local taxation, especially the introduction of a local property tax as a feasible option for raising more revenue. Irish governments have not implemented these proposals. Even very cautious recommendations such as the extension of water service fees, have not been carried through” (p.70).

Essentially, therefore, there has been broad acceptance in each of these earlier reports too, that the current arrangements for funding local authorities are not sustainable. It is the view of the CCMA that problems have become even more acute in recent years, given on the one hand the increased level of local funding required for necessary / desirable capital infrastructural projects and on the other, the increase in the revenue and day to day spending required to respond to the demands of government, consumers and regulation.

In the next section some of the specific limitations of the current arrangements are outlined in more detail.

Section 4: Limitations of Current System

Taking into account the impact of the economic progress and the widened remit of local government it is our view that the current funding arrangements have a number of deficiencies and are proving incapable of dealing with the needs of local government.

Some of the limitations are:

1. The narrow income base at present: the fact that there is no longer a direct link between demand for and provision of services at local level and the necessity to pay the economic cost of such services. In some cases, the true cost is not made explicit (e.g. differential rents, planning fees etc); in others the cost is explicit, but the contribution to the cost either from central government or from other sectors is inadequate, leading to a gap.
2. The system has become too heavily dependant on income from commercial rates. This is a cause of continuing concern to the business interests, e.g. IBEC and the CCI who, understandably, complain about the scale of increases, the lack of predictability and the impact of increased charges on their competitiveness.
3. In the light of 2. and 3. there is an unsustainable position: an insatiable demand from the public for more and better services, in the knowledge that they will not be required to pay for them. This view can also be reflected in the Council chamber where it may be exacerbated due to the lack of representation of business interests.
4. In practice, because of political pressure, charges that do exist may be levied at an uneconomic rate (often set or capped by the centre), which makes the cost of recovering such charges disproportionate.
5. There have been numerous examples where local authorities have taken on additional functions and where there was either no exchequer funding in respect of such services, the recoupment was delayed resulting in local authorities having to bear the cost of borrowing, where the recoupment was significantly less than the cost, or where the costs going forward (i.e. beyond an initial, usually short, period) were expected to be borne by the local authorities.
6. The lack of transparency in the current arrangements – both in the composition and distribution of the Local Government Fund and of the needs and resources model.
7. Multi annual programmes have become the norm in terms of capital expenditure. However, on the income side, local authorities are dependant on an annual cycle that determines the total revenue base; this makes it difficult to engage in long term planning, e.g. in relation to service development and improvement, staffing etc.

8. As indicated earlier local authorities make a significant impact on the quality of life of citizens. Within the resources currently available to them they endeavour to support local communities through the provision of recreation and other much needed facilities e.g. playing fields, libraries, swimming pools etc. However, the capacity to provide such facilities is limited by the level of financial resources available and the fact that such services are inevitably seen as discretionary and may not get the level of priority that is merited.

We conclude therefore that there needs to be a new system of finance that takes into account the realities summarised above and which reflects the position outlined earlier in this document. We further believe that the system needs to have a strong element of locally derived income so as to enable communities to determine for themselves the level of service they should expect relative to their financial contribution.

Our Views on the Requirements of a New System

In the paragraphs that follow we outline some of the key features that should underpin a revised system.

Accountability: It is essential that there is accountability and that there is local control and responsibility for the raising of taxes locally to ensure greater value for money;

Balance: There should be an appropriate balance between locally raised income and central funding which reflects the role and contribution of local government.

Simplicity: Not only should the system be cost effective to administer it should also insofar as possible be easily understood to ensure greater acceptance;

Variability: It should not be so prescriptive as to prevent the ability of individual local authorities to take account of different local circumstances and needs;

Compatibility: Any taxation system introduced at local level should be compatible with central government social, economic and taxation policies;

Acceptability: If a particular taxation regime is not widely accepted this will result in reduced collection and potential withdrawal of a particular scheme.

The key elements we propose are:

1. The system would have a strong element of locally raised income, such as to ensure that choices and priorities for services determined locally can be delivered;

2. The full economic cost (including for depreciation of assets as appropriate) of all services being provided should be explicit;
3. Charges, e.g. for rents, refuse etc., should be levied at the full economic rate; inability to pay would be dealt with as part of the social structure administered by the Department of Social Community and Family Affairs (as in the case with ESB., CIE etc)., with no loss in income to the local authorities;
4. Services provided by local authorities on an agency basis for other government departments and bodies would be charged at an economic cost (i.e full cost recovery);
5. The system needs to have sufficient flexibility to ensure that additional services to be provided by local authorities in accordance with national priorities should be fully funded.
6. Such funding as is provided from the centre should be in the form of block, rather than specific, grants.

Arguments for a Strong Element of Local Taxation

As indicated above, from our analysis and collective experience we are of the view that if we are to have real local government, then there is a need for local authorities to provide those services needed by citizens in their specific area, and further a need for a connection between the provision and use of those services and the payment required to fund them

The balance to be struck between local and central funding needs to be such that allows local authorities the financial capacity to respond to the needs of their communities. Ideally local authorities would be permitted to select from a range of options which would best suit their circumstances - i.e. what would suit a small rural authority would likely be very different from what would be appropriate in a city.

If such a broadly based approach to local taxation were to be introduced, the consequences would include a reduction in the direct contribution from the centre to local authorities, together with an adjustment in the level of central taxation payable by the citizen.

Charging for Services

It is important to point out that there are compelling rational arguments for charging for what are increasingly expensive and scarce resources, e.g. water and waste, and that Ireland is unique among OECD and EU member states in not charging domestic consumers the full cost of services provided locally. In particular the arguments for charging for water - because of its scarcity, costs of production and the need for conservation – have been well made.

There is a generally accepted recognition that there are significant increased costs in the operation and maintenance of water systems, and especially in achieving compliance with the standards being imposed under EU regulation. Furthermore, there is evidence that the metering of non domestic users has had a positive impact on consumer behaviour and has resulted in greater conservation than previously. It is also relevant to point out that the introduction of waste charges, and the operation of the market, has had a positive impact on the behaviour of householders and has led to significant improvements in recycling rates.

Issues to be Taken Account Of

We are also conscious of a number of issues that affect service provision at local level and which need to be taken into account in reviewing the system and making proposals for change. These are:

1. The need for uniformity of standard of services in certain core services to which a person has an entitlement. It is clearly desirable that such services be identified, and the agreed standard of service be applied nationally. Such services essentially become nationally provided schemes administered and delivered locally by local authorities on an agency basis.
2. Some other services are “national” in character, e.g. inter – urban national roads and other major infrastructural projects of a national nature. These can be decided on and paid for directly nationally.
3. The poorer base of some parts of the country. This is becoming even more important and obvious, given the population shifts and the tendency to organise and for business to locate around the major urban centres. Over time it is likely that the National Spatial Strategy and other policies in relation to the attraction and siting of industry should take these factors into account.
4. Local authorities should charge the full economic charge for services to citizens, e.g. housing rents etc. with the supplementary income being provided from the centre in the form of a subsidy as is the case with the ESB and CIE. It is not the function of local authorities to provide the social security element.. (An estimate provided to us by one major authority in the Dublin area estimates the “ income forgone” at 44m. Euro per annum).
5. Local authorities should represent the views and needs of people in their locale – apart from the basic services that would be an entitlement across the country, the citizens of a town or county would have the discretion through their public representatives to determine the range and quality of services, e.g. community facilities, recreation, libraries etc.

Section 5: Recommendations for Immediate Implementation

Our conclusions and recommendations earlier concentrate on the key challenge of addressing the question of financing of local government in a comprehensive manner.

In addition to the “macro” recommendations, we wish to put on record a number of improvements and changes, which if implemented, would in themselves improve the current situation. These changes would be relatively simple to introduce.

1. We acknowledge that the needs and resources model is a useful mechanism for distributing the local government fund so as to attempt to ensure an equitable and realistic outcome. We also accept that it is extremely difficult to achieve a formula that is entirely satisfactory. However, we would wish to point out that the amount distributed in this way (relative to the overall expenditure of local authorities) is a small percentage of the total; the model is also deficient in that it does not project forward and take account of the likely future expenditure needs. The needs and resources model currently in use should be amended to incorporate the likely future expenditure needs of local authorities.
2. All services provided on behalf of government departments or agencies to be fully recouped so as to include provision for overheads and other charges. Local authorities should not be at a loss in such situations.
3. Additional functions and services imposed on local authorities from central government (i.e. where there is no discretion) should be fully costed and funded.
4. The cost of new arrangements and initiatives introduced by central government as part of national partnership to be fully recouped to local authorities (on the basis that they form part of government policy). Examples include benchmarking, the introduction of PMDS etc.
5. Systems and processes in the Department of the Environment, Heritage and Local Government to be streamlined so that monies due to local authorities are paid promptly, thus ensuring that local authorities do not need to have recourse to overdraft etc.
6. The impact of all new legislation to be assessed and any increased costs arising to be funded by central government. (A recent example is the introduction of the Official Languages Act, 2003, estimated to cost local authorities in the region of €7.57m per annum on an ongoing basis).
7. Cost of “national” schemes e.g. Disabled Persons Grants, Essential Repairs Grants to be met in full.

8. The economic cost of service provided by local authorities to be made explicit and charges pitched at a realistic rate that reflects the true cost of providing the service. Examples include the processing of planning applications which is currently being reviewed and is the subject of a public consultation process. Interestingly the consultation paper acknowledges the major gap between the economic cost of processing applications and the scale of charges in operation currently. It also demonstrates that Irish charges are significantly out of line with those obtaining in comparable countries. We have indicated our interest in seeing the revised charging regime introduced at an early date.
9. At present, rates are not payable on government buildings and this can have a serious negative impact on certain authorities. With increased decentralisation the problem will be more acute. This matter should be reviewed with a view to ensuring that local authorities do not suffer any loss of potential income from this source.
10. The work of the Valuation Office impacts significantly on the income of local authorities. This is particularly the case in relation to the turnaround time for revaluation. It is recommended that a service level agreement – specifying the time in which revisions will be carried out – be put in place.
11. It is the view of the CCMA that the national revaluation which was recently commenced in South Dublin County Council needs to be completed. We are conscious of the resources that will be required but are firmly of the view that it is overdue. It is also our view that balanced development ,including in smaller towns and villages can be affected by the valuations in place and that there might be merit in considering approaches that might have a positive impact on this issue.
12. The last number of years has seen a great increase in the compliance responsibilities of local authorities resulting in major increases in both capital and revenue. These are mainly in the environment and water area but are also striking in the areas of health and safety. It is the considered view of the CCMA that such increases in costs – arising from the national implementation of EU and other legislation – should be recouped in full by Government as additional funding for local authorities on an ongoing basis.
13. Given the developmental and community based nature of much of the work of local authorities, there is a strong case to be made for the extension of tax relief to encourage businesses and individuals to associate themselves with the provision of facilities needed in communities e.g. libraries, cultural and other facilities. Essentially there would be no additional cost to the Exchequer in implementing this recommendation.

Conclusion

The CCMA appreciates the opportunity to engage with the Commission on Taxation and in preparing this submission we have drawn on the collective experience of our members and their staff to comprehensively address the topic.

We regard the work of the Commission as critically important at this time and look forward to engaging with the Commission to elaborate on our views.

Appendix One: Additional Legislation, Responsibilities & Regulation

Table 1: Sample list of Additional Legislation, Responsibilities & Regulations identified by OLAM which impact directly on Local Authorities:

Additional Duties resulting from Legislation introduced in recent years:
1. New Housing Scheme for the Elderly
2. EPA & general compliance with environmental legislation, including new regulations in water & waste areas.
3. Requirements under Disability Sectoral Plan
4. Joint Policing Committees.
5. Water Services Act 2007
6. Official Language Act 2003
7. Drinking Water Regulations – increased standards, responsibilities and regulation, and consequent financial impact.
Examples of additional Responsibilities conferred on Local Authorities:
1. Rental Accommodation Scheme (RAS) – introduced December 2004.
2. Costing Project - piloted, currently being rolled out on national basis.
3. PMDS – currently being rolled out nationally.
4. Service Indicators – first comprehensive set of performance indicators in public sector. Indicators being expanded 2008.
5. Affordable Housing (Part V) initiative.
6. Green Business Programmes.
7. Environmental Awareness Programmes.
8. Electoral Register – comprehensive exercise to update.
9. Student Support Scheme – retained upon request by Department of Education.
10. Social Inclusion Agenda – being rolled out nationally following pilot projects.
11. Trans-frontier Shipment of Waste – new office established under aegis of Dublin City Council.
12. Social and Community Facilities Capital Scheme.
13. Online Motor Tax.
14. Longer opening hours.
15. Complaints Procedures.
16. LGCSB – E projects.
17. Customer Service Improvements initiatives.
18. Roll-out of CCCTV in local areas.
19. Revised Service Indicators.
20. Implementation of various aspects of Towards 2016
Regulation:
1. Litter Pollution Monitoring System
2. Co-operation in successful implementation of Producer-responsibility (recycling) initiatives
3. WEEE – successfully implemented
4. End-of-Life Vehicles Directive.
5. Roll-out of pay-by-use systems of refuse collection
6. Establishment of waste enforcement networks. <ul style="list-style-type: none"> • Enforcement Networks established in collaboration with EPA • A doubling of waste-related inspections to over 32,000 were completed in 2006 by 317 staff working in the Local Authorities • According to the EPA, the types of enforcement activities undertaken ‘changed radically’ – helicopter surveys, multi-agency “sting” operations against illegal operators of waste and those burning waste. • LAs establish EPA “Dump the Dumpers” hotline – over 2,184 calls received in first year.
7. Increased Regulation of Private Rented Sector.
8. Audit Committees.

9. Revision of system for charging schools / farmers etc. for water – costs to be absorbed by Council.
10. Energy Efficiency Initiatives.

Table 2: Expected legislation which will impact on Local Authorities:

Laws expected to be introduced in 2008
1. Fisheries (Consolidation) Bill
2. Electoral (Amendment) Bill
3. National Monuments Bill
4. Noise Bill
5. Enforcement of Fines Bill
6. Harbours Bill
7. Public Transportation Bill

Table 3: Sample list of Legislation introduced in 2007

Acts 2007
1. Water Services Act 2007
2. Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007
3. Building Control Act 2007
4. Consumer Protection Act 2007
5. Foyle and Carlingford Fisheries Act 2007
6. Electoral (Amendment) Act
7. Carbon Fund Act 2007
8. Finance Act 2007
9. Social Welfare and Pensions Act 2007
10. Citizens Information Act 2007
Statutory Instruments 2007
1. S.I. No. 83/2007 — Planning And Development Regulations, 2007
2. S.I. No. 106/2007 — European Communities (Drinking Water) Regulations 2007
3. S.I. No. 133/2007 — Access To Information On The Environment Regulations 2007
4. S.I. No. 135/2007 — Planning And Development (No. 2) Regulations 2007
5. S.I. No. 165/2007 — Local Government (Business Improvement Districts) Act 2006 Commencement Order 2007
6. S.I. No. 166/2007 — Local Government (Business Improvement Districts Ratepayer Plebiscite) Regulations 2007
7. S.I. No. 167/2007 — Waste Management (Environmental Levy)(Plastic Bag)(No.2) Regulations 2007
8. S.I. No. 234/2007 — Disability Act 2005 (Commencement) Order 2007
9. S.I. No. 275/2007 — Limerick Northside Regeneration Agency (Establishment) Order 2007
10. S.I. No. 276/2007 — Limerick Southside Regeneration Agency (Establishment) Order 2007
11. S.I. No. 277/2007 — Transparency (Directive 2004/109/EC) Regulations 2007
12. S.I. No. 278/2007 — European Communities (Drinking Water) (No. 2) Regulations 2007
13. S.I. No. 293/2007 — Affordable Homes Partnership (Establishment) Order 2005 (Amendment) Order 2007
14. S.I. No. 297/2007 — Dublin Docklands Development Authority Act 1997 (Section 25 Planning Scheme) Order 2007
15. S.I. No. 526/2007 —European Communities (Good Agricultural Practice For Protection Of Waters) (Amendment) Regulations 2007
16. S.I. No. 527/2007 —Road Traffic (Recognition Of Foreign Driving Licences) Order 2007
17. S.I. No. 558/2007 —Litter Pollution (Increased Notice Payment) Order
18. S.I. No. 576/2007 —Vehicle Registration And Taxation (Amendment) Regulations 2007.
19. S.I. No. 656/2007 —Data Protection (Amendment) Act 2003(Commencement) Order 2007
20. S.I. No. 657/2007 —Data Protection Act 1988(Section 16(1) Regulations 2007

21. S.I No. 658/2007 —Data Protection (Fees) Regulations 2007
22. S.I No. 664/2007 —Waste Management (Tyres And Waste Tyres) Regulations 2007
23. S.I No. 670/2007 —Housing (Adaptation Grants For Older People And People With A Disability). Regulations 2007
24. S.I No. 678/2007 —Environment, Heritage And Local Government (Delegation Of Ministerial Functions) Order 2007
25. S.I No. 679/2007 —Environment, Heritage & Local Government (Delegation Of Ministerial Functions) (No.2) Order 2007
26. S.I No. 684/2007 —Waste Water Discharge (Authorisation) Regulations 2007
27. S.I No. 687/2007 —Data Protection (Processing Of Genetic Data) Regulations 2007
28. S.I No. 692/2007 —Cockle (Fisheries Management And Conservation)(Dundalk Bay)2007
29. S.I No. 708/2007 —Local Government (An Chomhairle Leabharlanna) (Amendment) Regulations, 2007
30. S.I No. 709/2007 —European Communities (Vehicle Testing) (Amendment) Regulations 2007
31. S.I No. 718/2007 —Road Traffic Act 2006 (Sections 10, 11 And 13) (Commencement) Order 2007
32. S.I No. 719/2007 —Road Traffic (Licensing Of Learner Drivers) Regulations 2007
33. S.I No. 724/2007 —Road Traffic (Licensing Of Learner Drivers) (No. 2) Regulations 2007
34. S.I No. 725/2007 —Road Traffic (Licensing Of Learner Drivers) (Certificates Of Competency) Regulations 2007
35. S.I No. 732/2007 —Safety, Health And Welfare At Work (General Application)(Amendment) Regulations 2007

Table 5: Laws introduced in 2006

Acts 2006
1. Planning and Development (Strategic Infrastructure) Act 2006
2. Electoral (Amendment) Act 2006
3. Local Government (Business Improvement Districts) Act 2006
Heads of Bills 2006
4. Social Housing (Miscellaneous Provisions Bill 2006 (General Scheme)
5. Designated Land (Housing Development) Bill 2006
Statutory Instruments 2006
6. Electoral (Amendment) Act 2001 (Commencement) Order 2006
7. Building Regulation (Amendment) Regulations 2006
8. Environmental Noise Regulations, 2006.
9. Environmental Protection Agency (Licensing Fees) (Amendment) Regulations 2006
10. Waste Management (End-of-Life Vehicles) Regulations 2006
11. Local Government Act 2001 (Commencement Order) 2006
12. Local Govt Act 2001 (Bye-Laws) Regulations 2006
13. The European Communities (Good Agricultural Practice for Protection of Waters) Regulations 2006
14. Housing (Miscellaneous Provisions) Act 2002 (Commencement) (No. 3) Order 2006
15. Waste Management (Landfill Levy) (Amendment) Regulations 2006.
16. Planning and Development Act 2000 (Designation of SDZ) Order 2006
17. Building Regulations Advisory Body Order 2002 (Amendment) Order 2006
18. Planning and Development (Strategic Infrastructure) Act 2006 (Commencement) (No. 2) Order 2006
19. European Communities (Environmental Impact Assessment) (Amendment) Regulations 2006
20. Derelict Sites (Urban Areas) Regulations 2006
21. European Communities (Energy Performance of Buildings) Regulations 2006
22. Local Government Expenses of Local Authority Members) Regulations 2006
23. Local Authority Members (Gratuity) (Amendment) Regulations 2006
24. Planning and Development (Strategic Infrastructure) Act 2006
25. Planning and Development Regulations 2006
26. Local Govt Act 1991 (Regional Authorities) (Establishment Order) 1999
27. Local Govt Act 1991 (Regional Authorities) (Establishment Order) 1993 (Amendment) Order 2006

EU Directives 2006
28. 2006/66/EC – Directives on batteries and accumulators and waste batteries
29. COM (2005) 667 Proposals for a Directive on Waste
30. Com (2006) 232 Proposals for a Directive establishing a framework for the protection of soil and amending Directive 2004 / 35 / EC
31. 2006/7/EC (2005) 282 Groundwater Directive
32. COM (2006) 0397 Priority Substances Directive
33. COM (2006) 0205 Shellfish Directive

Table 6: Laws introduced in 2005

Acts 2005
1. Electoral (Amendment) Act 2005
2. Local Government Services (Corporate Bodies) Act 1971 (Section 3(2)) Order 2005
3. Electoral (Polling Schemes) Regs 2005
4. Waste Management (Electrical and Electronic Equipment) Regulations 2005
5. Waste Management (Waste Electrical and Electronic Equipment) Regulations 2005
6. Waste Management (Restriction of Certain Hazardous Substances in Electrical and Electronic Equipment) Regulations 2005
Sample of Planning and Development Regulations 2005
7. Affordable Houses Partnership (Establishment) Order 2005
8. European Communities (Water Policy) (Amendment) Regulations 2005
9. European Communities (Waste Water Treatment) (Prevention of Odours & Noise) Regulations 2005
10. European Communities (Good Agricultural Practice for Protection of Waters) Regulations 2005
11. Derelict Sites (Urban Areas) Regulations 2005
12. Finance Act, 1993 (Section 60) Regulations 2005
13. European Communities (Energy Performance of Buildings) Regulations 2005
14. Building Regulations (Amendment) Regulations 2005
15. Housing Regulations 1980 (Amendment) Regulations 2005
16. Housing (Mortgage Subsidy) Regulations 2005
17. Housing (Rent Subsidy) Regulations 2005
18. Housing (Site Subsidy) Regulations 2005

Appendix Two: Summary of Indecon Report (2005) Main Recommendations on Funding of Local Authorities

SUMMARY OF MAIN RECOMMENDATIONS ON FUNDING OF LOCAL AUTHORITIES	
Funding Recommendations	
1.	We recommend a significant increase in the level of resources available to local authorities over the period to 2010. Our estimates suggest that, based on current policies, there will be a requirement by 2010 for additional expenditure <u>in nominal terms</u> of the order of €1,000 to €2,000 million per annum compared to 2004 expenditures, if levels of service provision are to be maintained. When existing sources of revenue are taken into account this equates to an estimated funding gap of between €415 to €1,500m.
2.	We recommend a significant change in the system of local government financing, with a move towards more locally-based sources of funding. While this will assist in meeting the additional resources required over the period to 2010, the principal reasons why this change is essential relate to the need to improve accountability and flexibility in decision making, to facilitate an acceleration of efficiency measures and to ensure a radical realignment between the cost of providing services and the demand for such services.
3.	We recommend that changes in the system of local government should be directed at increasing the share of local authority expenditure that is funded locally. The two key elements of this should comprise an increase in local charges and the introduction of selected targeted local taxation.
4.	We recommend that local authorities should charge the full economic costs of providing services on behalf of central government.
5.	We recommend an increase in certain charges where less than full economic costs apply, but would caution against an overestimation of the significance of these changes as a source of increased revenues.
6.	We recommend the extension of water charges on an equitable basis. In particular, we recommend the introduction of water charges on non-principal private residences and water metering on all commercial properties.
7.	We recommend the introduction of mechanisms to secure a contribution to local authorities' general funding requirements from non-principal private residences and from commercial buildings not currently covered by commercial rates. There are a number of options that could assist in achieving this objective, including the extension of rates to such properties or an element of locally determined stamp duties.
Expenditure Recommendations	
8.	We recommend that the proposed restructuring of the methods of funding local government should be used as a platform to accelerate efficiency improvements in local authority expenditure programmes.
9.	We recommend a radical change in the incentives facing users of local authority services to improve efficiencies and reduce the costs of local authority services. This includes a wide range of measures (for example, incentives to local authority tenants to minimise maintenance costs, the charging of services to reduce excess demand, and differential pricing to direct users to lower cost delivery mechanisms).
10.	We recommend a continuation and acceleration of the use of alternative delivery mechanisms to secure the most cost efficient delivery of local authority services. In particular, we believe there is potential for increased cost-effective contracting of services and the shared provision of services between local authorities.
11.	We recommend that where local authority services are contracted to private sector local monopolies, that an appropriate regulatory framework is established to protect consumer interests and to prevent monopoly rents being generated (i.e. excessive profits).
12.	We recommend that the provision of local authority services should be delivered on the most cost effective geographic basis, which due to economies of scale, may not in many cases be aligned with current local authority structures. This will require the provision of services either on a shared basis or by tendering services on a national or regional basis.

13.	We recommend the introduction of significant structural and information changes to facilitate local authority managers and policymakers to implement on-going efficiency improvements. These include changes in, and standardisation of, information on local authority expenditures; changes in legislation to permit councils to appoint outside experienced specialists to audit committees; the establishment by all local authorities of audit committees focussed on securing on-going efficiency; and the enhancement of the Department's audit role in promoting value for money or the extension of the Comptroller and Auditor General functions to local authorities.
14.	We recommend that the functions of local authorities and other agencies be subject to on-going assessment to ensure that costs are minimised and that the appropriate functions are undertaken by local authorities. Specifically we believe there may be merit in reviewing current responsibility for the Disabled Persons Grant scheme and for consideration of the merits of transferring water services to a regional or a national agency.