



'Mayor with Budget and Authority'

Response to the Green Paper on Local Government
Stronger Local Democracy: Options for Change

31st July 2008

1. Introduction

The Dublin Chamber of Commerce welcomes the commitment in the Programme for Government to introduce a directly-elected Mayor for Dublin by 2011, and the subsequent publication of the Green Paper, *Stronger Local Democracy – Options for Change*. Our response to the Green Paper on Local Government builds upon our October 2007 submission to the Department of Environment, Heritage and Local Government, *Democracy Now!* Having studied *Stronger Local Democracy – Options for Change* and consulted with our members, we reiterate the core arguments of our 2007 submission and respond to a number of points raised in the Green Paper.

2. Business as a Financial Crutch for Local Authorities

Business has an inherent interest in the efficient operation of local government, as it is by far the largest single contributor to local authority budgets. Indeed, the contribution from business to their local authority plays an even more significant role in Dublin city than the national average. Of the €889 million collected by Dublin City Council in 2007, two thirds was derived from commercial rates and charges for goods and services, with less than a quarter coming from the Exchequer.¹ This is considerably different from the sources of funding for local authorities nationwide over the same period, where 42% came from the Exchequer and rates and charges only accounted for 58%.²

It is a matter of grave concern amongst the business community that they are being used as a financial crutch. Weak economic growth is placing greater pressure on business, and rising interest rates and the strength of the Euro is weakening our competitive position in the export of goods and services. Furthermore, city regions have now become the level at which competition for international investment and jobs occur. They are the engines of their national economies, generating wealth, employment and productivity growth at a higher level than their representative population percentage. As the only region of sufficient size in Ireland to be able to successfully compete internationally as a city region, it is important that businesses in the Dublin City Region are not being hampered by uncompetitive local government charges.³

Recent evidence from the OECD highlights that what we need to enable economic growth and employment potential, is effective regional government. **Dublin Chamber therefore believes that the primary focus of the White Paper must be the promotion of greater efficiency, and accountability, levels within our local government structures.**

3. Response to Green Paper

This review offers a valuable opportunity to comprehensively reassess the operation of local government and make real long-lasting improvements. If the political will is present, the necessary changes could be made to ensure local government in Ireland is efficient and effective in the future, and thus more responsive to the ever changing economic and social needs of business and the general public.

We particularly wish to welcome the following points in the Green Paper:

- The commitment to making local government more transparent and more responsive to its customers;
- The recognition that Dublin, as a highly successful urban centre, faces a number of strategic challenges in areas including planning, transport, housing, waste, water provision and waste

¹ The remaining 11% comes from contributions from other local authorities. Exchequer funding comes from two sources: Government Grants and Subsidies and the Local Government Fund. http://www.dublincity.ie/YourCouncil/AbouttheCouncil/CouncilSpendingRevenue/Documents/AFS_2007.pdf

² <http://www.environ.ie/en/LocalGovernment/LocalGovernmentAdministration/LocalGovernmentFinance/>

³ The OECD categorises city regions by their population size, and the smallest size considered is 1.5million (OECD Territorial Reviews: Competitive Cities in the Global Economy, 2006). The Census 2006 states that there are 1,662,536 people living in the Dublin City Region: Dublin County (1,187,176), Kildare (186,335), Meath (162,831) and Wicklow (126,194).

water disposal and the related proposal that a regional Mayor for Dublin with defined strategic functions should be introduced; and

- The proposal that the Dublin Mayor should become the Chair of the Dublin Transport Authority.

However, Dublin Chamber does not believe that the proposals outlined in the Green Paper are sufficient to address the challenges facing the Dublin City Region. **We were disheartened by the ambiguity and lack of political direction indicated by the Green Paper. In particular, current proposals appear to simply skirt around the critical issues of control, management and finances.**

This is a disappointment as the 2005 Indecon report already highlighted concerns about efficiency and effectiveness, and called for more accountability for expenditure, more transparency in the financial records of local authorities and expanding the rates base. Why have the recommendations of this report, commissioned by the Minister for the Environment and Local Government, been abandoned? **Dublin Chamber calls for the immediate implementation of the recommendations outlined in the 2005 Indecon Report.**

3.1 Control

The Green Paper proposes “that a regional mayor for Dublin with defined strategic functions should be introduced.” Dublin Chamber welcomes this proposal. However we would like greater clarity on the geographical remit of the Mayor. The Paper states that “the role of the mayor in relation to current and future institutional arrangements needs careful consideration, particularly in regard to the four Dublin local authorities, the adjoining local authorities, and national offices. It is proposed, for example, that the Dublin mayor should become the Chair of the proposed Dublin Transport Authority.”

By 2030, it is anticipated that nearly half of the state’s population will live on 10% of the country’s landmass along the east coast – the Greater Dublin Area.⁴ Under these circumstances, we believe that the responsibilities of the Mayor should cover the Greater Dublin Area, and include the development and management of principal projects and programmes that cross Dublin City Council and the six County Councils of Dun Laoghaire / Rathdown, Fingal, Kildare, Meath, South Dublin and Wicklow. The major strategic challenges facing the Dublin City Region in public transport, housing, waste and water facilities span all seven GDA local authorities. The Mayor should push for integrated solutions, by taking a co-ordinated strategic approach at regional level to efficiently and effectively address these challenges.

The existing local authority structure should continue, as projects and programmes require support and delivery at a local level.

The White Paper should define the geographical remit of the Mayor to include the Greater Dublin Area, mimicking that of the DTA, as the challenges facing the Dublin City Region cross the borders of all four counties.

3.2 Financing

Dublin Chamber is deeply discouraged to note that the issue of financing local government has been swept to one side. The Green Paper states that “the need for proper funding of local government is recognised. Autonomy in fund raising increases local discretion and accountability. However, there is little consensus on how best to achieve such autonomy. This is an issue which will receive in depth analysis in the context of the recently established Commission on Taxation, which is to consider the issue of local government financing.”

We believe this decision to solely assign the responsibility of addressing local government financing to the Commission on Taxation is unsound. We are concerned that the

⁴ Twice The Size, Imagineering the Future of Irish Gateways, A Report for the Urban Forum, The Futures Academy, DIT, March 2008

integration of thinking between the work of the Commission and the Department of Environment, Heritage and Local Government will be insufficient.

The timelines for the two processes differ, and the Green Paper gives the impression that it is possible to address the questions it raises without tackling the question of local financing and sources of revenue. We do not concur. The Green Paper envisages a White Paper in Autumn 2008, followed by legislation, when the Commission on Taxation is not due to report until the last quarter of 2009. By side-stepping the issue of financing in this Green Paper and offering no insight into the financial package, responsibilities and powers being proposed, it is impossible to evaluate and make meaningful comments on the proposal for a Mayor for Dublin and local government reform.

Nonetheless, we would like to express our belief that the creation of the office of Mayor should coincide with a change in the administration of taxes. There is a need create a direct link between local service usage/benefits, and local taxes. If revenues that are raised in an area are spent in the area, then this will provide the electorate with a direct, clear and transparent link between the taxes they pay for goods and services provided at local level and the quality and efficiency of those services.

In addition, the tax revenue base of local authorities must be broadened to include properties not currently rated (including state-occupied property and non-principal private residences), and a through re-evaluation of the Needs and Resources model must be undertaken.

3.3 Management

Responsibilities

The proposals for a new office of Mayor of Dublin appear to add an additional layer to the existing local government structure, without any clear indication of how it will improve it.

Whilst the Green Paper recognises that the relationship between the directly elected Mayor and the other key institutions in Dublin needs to be clearly defined, there are no proposals as to the relationship: "Detailed consideration will need to be given to the administrative and institutional supports necessary for the proper functioning of a mayoral office in Dublin.... The managerial system has served Irish local government well and local authorities will continue to rely on professional managers to provide impartial, professional administration and guidance. It is suggested, however, that mayors might be assigned certain key powers of initiative and that, over time, their role in overseeing the work of the local authorities, local development agencies and national agencies at local level should evolve further." **Dublin Chamber is disappointed with the lack of detail in the Paper on how exactly the new office will interact with existing structures.**

There is a large volume of entities and structures already in existence in the Dublin City Region that focus on the delivery of services, formulation of policy and governance. These include: Town Councils; City and County Councils; Area Partnerships; City and County Development Boards; City and Council Enterprise Boards & VECs; the Dublin Regional Authority; and the Southern and Eastern Regional Assembly.⁵ There is clearly a need to audit these structures as a preliminary step before imposing a new Mayoral office. To facilitate accountability and transparency, the audit should check for any overlap of functions and then assess whether any of these structures could be consolidated into a smaller number of entities.

Furthermore, the Green Paper has not addressed how the new office of directly-elected Mayor, and its supporting structure, will impact on elected Councillors in the Dublin City Region, or the Dublin Regional Authority. This must be comprehensively understood and dealt with if there is any move towards having a directly elected Assembly or Greater Dublin Area Authority along the lines of the Greater London Authority.⁶

⁵ For a comprehensive overview of the many local and regional public agencies in Ireland, please see Appendix 1. We had sought a graphical representation of those in the Greater Dublin Area from the Department of Environment and Local Government but none seemed to be available.

⁶ See Dublin Chamber's submission into the Green Paper, 'Democracy Now', for a discussion on the potential functions, structure and responsibilities of a Greater Dublin Area Authority'.

Dublin needs a strong leader who will tackle issues. The worst case scenario for business, workers, residents and visitors to Dublin would be to put in place another quango – a weak Mayoral office with no powers. **It is critical that the forthcoming White Paper commits to serious reform and significant restructuring of existing systems, resulting in a Mayor for Dublin with strong powers and a proper budget and authority. Our message is clear – ‘Do it properly or don’t do it at all.’**

The responsibilities of the Mayor should include transport, planning and land use, infrastructure provision (waste management facilities, water provision and waste water services) and economic development. The Mayor should also be responsible for creating a clearly defined, over-arching strategy for the Dublin City Region which shall foster competitiveness and plot positive, integrated and coordinated regional development over the next twenty years and beyond. This strategic vision must learn from, and redress, past failures to integrate land use and planning during the piecemeal delivery of transport, social and economic infrastructure, and ensure that all future developments are planned and delivered in a coordinated holistic fashion.

Efficiency

Efficiencies should be pursued by local authorities in conjunction with the new office of the Mayor through the use of more modern procurement methods, the further exploitation of the ‘shared services’ model and the elimination of duplication.

4. Summary

There has been a sharp rise in spending by local authorities in the Greater Dublin Area in recent years. The bulk of this extra funding is coming from businesses. Thus, the Dublin business community has an inherent interest in ensuring local authorities operate efficiently and respond to the needs of businesses and residents alike. We welcome the promise to reform local government and introduce a directly elected Mayor for Dublin, with executive powers. The Dublin City Region needs stronger local democratic government and an accountable leader if the major challenges it faces in public transport, housing, waste and water facilities are to be addressed.

However, the business community believes the Green Paper has not gone far enough. It skirts around the important issues of control, financing, efficiency and management. It appears to ignore the recommendations of the 2005 Indecon report on Local Government which dealt with these key issues. We are disheartened by the lack of political will which is allowing this opportunity to make long-lasting improvements for the next 50-100 years pass us by.

The Green Paper offers no detail as to the relationship that the directly-elected Mayor will have with all existing local governance structures or elected Councillors; the issue of financing local government has been unsatisfactorily swept to one side and assigned to the new Commission on Taxation; and, the geographical remit of the Mayoral office does not mimic that of the Dublin Transport Authority of which the Mayor will be chair.

The Dublin City Region needs an effective governance structure that will drive change and move the economy back to the positive side of the economic cycle swiftly. But the business community has reservations about the ability of this review of local government to successfully achieve the objective of reform.

Government must seriously engage with the issue of reform. Adding another layer of bureaucracy without amending the existing structures will simply not suffice. The Greater Dublin Area requires a Mayor with strong powers and the proper budget and authority to pursue efficiencies and carry out further reforms. Government must ensure that the office of Mayor has the power and funding to create an over-arching strategy for the region which will foster competitiveness and plot positive, integrated and coordinated regional development over the next twenty years and beyond.

Appendix 1:

Local and regional public agencies in Ireland

Organisation and number advisory)	Type (decision-making and/or advisory)	Composition of board
County Councils (29)	Decision-making	Elected councillors and the County Manager.
City Councils (5)	Decision-making	Elected Councillors and the City Manager.
Town Councils (75)	Decision-making	Elected Councillors
Borough Councils (5)	Decision-making	Elected Councillors
Regional Assemblies (2)	Advisory	City and County Councillors from the constituent local governments.
Regional Authorities (8)	Advisory	City and County Councillors from the constituent local governments.
Regional Health Authorities (4)	Decision-making	
Regional Tourism Boards (7)	Decision-making	Open to all living within the region but particularly those working in tourism, local governments, clubs etc.
Regional Fisheries Boards (7)	Decision-making	Mixture of Ministerial nominations, tourism representatives, local councillors and representatives of the numerous fishing organisations.
Regional Drugs Task Forces (10)	Advisory	The RDTF's include representations from: HSE, local government representation; VEC; Department of Education and Science; Department of Community, Rural and Gaeltacht Affairs; Gardai; Probation and Welfare Services; FÁS; Revenue Commissioners; social partners.
Harbour Authorities (5)	Decision-making	Includes representatives of users of the harbours, local government, chambers of commerce and ministerial representation.
Port Companies (12)	Decision-making	Board of Directors consists of representatives of employees of company, relevant local government, some individuals appointed by minister.
City/County Development Boards (34)	Advisory	Local government (7), local development (6), state agencies (9) and social partners (6-8).

City/County Enterprise Boards (35)	Decision-making	Independent chairperson, members are from the local government (4), the other 10 are nominees of state agencies, social partners, promoters of small business etc.
Area partnerships (38)	Decision-making	Independent chairperson, members from the local government (3-6), nominees of state agencies (6), social partners (6) and local community (6).
Community partnerships (33)	Decision-making	Independent chairperson, members from the local government (3-6), nominees of state agencies (6), social partners (6) and local community (6).
LEADER (35)	Decision-making	Independent chairperson, members from the local government, nominees of state agencies, social partners and local community.
County/City Childcare the Committees (33).	Decision-making	Providers' nominees, members from local government, nominees of state agencies, social partners and local community
Vocational Education Committees (33)	Decision-making	Chief Executive, members from the local government, nominees from teaching unions and parents.
Local Drug Task Forces (18)	Advisory	Nominees of state agencies and local community.
RAPID (45)	Advisory	Local government, local development, nominees of state agencies, drugs task force and local community. Each programme also has a coordinator who is employed by the relevant local government.
CLAR (18)	Advisory	Local government, local development, nominees of state agencies, drugs, task force, social partners and local community. Each programme also has a coordinator who is employed by the relevant local government.

Source: 'Governing Below the Centre: local governance in Ireland', D. O'Broin and E. Waters, tasc at New Island, 2007.