Submission to Dublin City Council on the Variation of Local Property Tax

August 2019

1. Introduction

Dublin Chamber welcomes this opportunity to make a submission to Dublin City Council as part of the consultation on the annual variation decision with respect to Local Property Tax (LPT). As the representative body for the business community in the Greater Dublin Area, Dublin Chamber is committed to enhancing both economic competitiveness and quality of life across the region. With a cross-sectoral membership base of 1,300 firms, spanning the spectrum from micro-enterprises to multinationals, and supporting 300,000 jobs nationally, the Chamber has a unique insight into the needs of both businesses and their employees.

Dublin Chamber wishes to highlight a number of concerns with respect to LPT and requests that these be taken into account by Dublin City Council in relation to its annual decision on the LPT variation. We argue that Dublin is suffering from underinvestment in its infrastructure and municipal services; that there is strong demand for climate action, a better urban environment, and improved quality of life; and that LPT revenue has an important role to play in meeting these needs. A large and one-sided relinquishment of legitimate public revenues from LPT is not appropriate at this time.

Dublin City Council should adopt a more modest LPT reduction of -10%. The additional revenue from this decision would be sufficient to accelerate the roll-out of the successful DublinBikes scheme throughout the City during the term of the current Council, making a tangible difference to Dublin's transport offering, carbon emissions, and quality of life.

2. Public & Business Demand for a Better Dublin

Dublin Chamber takes a holistic view of the business environment in which quality of life and economic competitiveness are complementary. In *The Great Dublin Survey*, conducted by the Chamber in 2017, Dubliners from all walks of life were asked their views about the city, and their aspirations for the future. The survey garnered over 20,000 responses and formed the background to our in-depth report, *A Vision for Dublin 2050*, which outlines in rich detail the public's perception of Dublin and the direction it should take.

While Dubliners are proud of their city, they are also very conscious of its shortcomings. Whereas 82% of respondents described Stockholm as a clean city, and figures of 80% and 76% were received for Sydney and Berlin respectively, just 22% of respondents described

Dublin as clean. Twice as many people described Ireland's capital as a dirty city.[1] This perception points to a wider concern about maintenance of the urban environment in Dublin.

Dublin was recently ranked among the most traffic-congested cities in the world, with an average of almost 250 hours lost per driver annually.[2] Traffic congestion in the GDA costs the national economy €350 million per annum, rising to a cost of €2 billion per annum by 2033.[3] This impacts both upon business competitiveness and quality of life. Already, levels of life satisfaction are lower in Irish cities than in rural areas, both among high-income and low-income groups.[4] Other research has found that Dublin has one of the lowest levels of self-reported life satisfaction in Ireland.[5] Alongside housing, infrastructure consistently ranks as the most important policy issue facing existing businesses in the Greater Dublin Area. In a survey of Dublin Chamber members carried out in Q1 2019, one third (33%) indicated that infrastructure investment was the top priority for Budget 2020, while another third (33%) indicated housing.[6]

Dublin Chamber has long argued for greater investment in urban infrastructure from the central Government. We pointed out, for example, that despite the considerable demographic pressure on its infrastructure, Dublin received the second lowest level of capital investment per head from central government of any county from 2009-2016. It received less than half of the national average and less than a third of the amount received by higher per capita recipients.[7] Perhaps the most egregious example of underinvestment has been in the Housing category. Despite having the greatest housing needs in the country, Dublin received one of the lowest capital investments in housing by the Central Government over the 2009-2016 period. It must be noted that this analysis is based solely on Dublin's resident population. It does not take account of those resident outside of Dublin who utilise Dublin's infrastructure every working day; an additional 116,000 people commute into Dublin to work on a daily basis, and many more for education and public services.[8]

There is strong demand for a better urban environment in Ireland's capital city. This can only be achieved by better investment in Dublin's local infrastructure and better funding for municipal services. With businesses already heavily relied upon to fund Local Authorities, LPT is a revenue stream that should be better managed to improve urban services whilst being prudent in relation to household impact.

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[1] Dublin Chamber 2017, A Vision for Dublin 2050, pp. 15, 20, https://www.scribd.com/document/378180736/A-Vision-for-Dublin-2050-Lores
[2] INRIX Global Traffic Scorecard 2018, http://inrix.com/scorecard/
[3] Dept. of Transport calculation, Dáil Question No: 346, John Lahart TD. Ref No: 1857/17, Proof: 348, Answered by the Minister for Transport Tourism and Sport Shane Ross.
[4] Eurostat, Statistical Books, Urban Europe: Statistics on Towns, Cities & Suburbs 2016 Ed., p. 267
[5] UCD Briefing Paper for Comhar, Clinch et al, Understanding & Measuring Quality of Life in Ireland: sustainability, happiness and well-being, p. 56.
[6] Dublin Chamber Business Outlook Survey Q1 2019, http://www.dublinchamber.ie/business-agenda/business-trend-survey/business-trends-survey-q1-2019
[7] Dublin Chamber, July 2018, Submission to DHPLG Consultation on Local Government Funding, https://www.dublinchamber.ie/DublinChamberofCommerce/media/banners/Dublin-Chamber-Local-Govt-Funding-Submission-July-2018.pdf
[8] Analysis of CSO Census 2016 data privately supplied to Dublin Chamber.

3. LPT as a Revenue Source

Dublin Chamber supports a responsible fiscal policy. We recognise that maintaining a diverse range of Government revenue streams at national and local level is a key marker of the fiscal prudence that underpins long-term economic stability and success. The requirement for the introduction of a property tax as part of the EU / IMF Programme of Financial Support for Ireland was appropriate in this context.

However, there remains a general tendency amongst Local Authorities towards overreliance on the collection of commercial rates revenue as a means of balancing accounts. The manner in which the discretionary variation in LPT has been exercised by Local Authorities since January 2015 is indicative of the attitude prevalent among local representatives, with three out of four Local Authorities in the Dublin Region choosing to reduce LPT by the full 15% permitted this year.[9] No concomitant proportional reduction in the commercial rates burden was announced.[10] Meanwhile, commercial rates paid by the business community account for over a third (35%) of Dublin City Council income this year, while Local Property Tax (LPT) accounts for just 2.4%.[11] There is a strong perception in the business community that this policy trend owes more to electoral concerns than to a disinterested regard for the social and economic environment in Dublin.

The new Dublin City Agreement, reached between Fianna Fáil, the Green Party, the Labour Party, and the Social Democrats, contains a commitment that 'We will seek to retain and spend 100% of Local Property Tax collected in Dublin City on Dublin City Services.'[12] This is a welcome goal. Dublin Chamber strongly supports local retention of LPT revenue, arguing the case for this in our representations to national government.[13] However, it is difficult to make this argument when Councillors voluntarily relinquish revenue from LPT to the maximum extent that is legally permissible.

Dublin Chamber welcomes the presence of multiple sources of Local Authority funding, and encourages Dublin City Council to adopt a more balanced approach to revenue generation. While we will continue to make the case for a fairer share of central Government investment in Dublin, Local Authority representatives have a responsibility to do their own part by making the most effective use of existing revenue streams to improve economic competitiveness and quality of life in the city.

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[9] Department of Housing, Planning and Local Government, 2019 Local Property Tax, https://www.housing.gov.ie/sites/default/files/publications/files/2018.09.30_final_2019_lpt_allocations.pdf

[10] Fingal County Council is the exception, reducing LPT by 10%.

[11] NUI Galway, Local Authority Finances, Dublin City, http://localauthorityfinances.com/income/7/

[12] The Dublin Agreement 2019-2024, p. 8, https://www.labour.ie/download/pdf/dublin-city-agreement-final.pdf#page=8

[13] E.g. Dublin Chamber, Submission to Dept. Finance re Review of Local Property Tax, May 2018, https://www.een-ireland.ie/eei/assets/documents/uploaded/general/Dublin%20Chamber%20LPT%20Review%20Submission%20May%202018.pdf

4. Potential Uses of LPT Revenue

Dublin Chamber regrets the decision by Councillors to repeatedly discount the advice of Dublin City Council officials about the needs of the city in the run-up to LPT variations in recent years. Whereas the average benefit accruing to a household on account of the full downward variation is very modest – and the benefit to renting households non-existent – the opportunity cost has been significant, with many potential city improvements going unfunded as a result.

In September 2017, Chief Executive Owen Keegan advised that a slightly more modest LPT reduction of 10% would have returned an additional €4 million which could have been used to boost municipal services with a particular focus on improving Dublin's cleanliness.[14] As well as several cultural and social inclusion initiatives, the proposal would have allowed for:

- Recruitment of 50 permanent street cleaning and road maintenance staff;
- Roll-out of 300 additional smart compactor bins;
- An improved power washing programme;
- Extension of the graffiti removal programme;
- Enhanced area-based anti-litter/graffiti initiatives;
- An improved bulky household waste collection service;
- Roll-out of a waste disposal options awareness campaign.

Last year similar advice was also ignored.[15]

The decision not to fund these necessary improvements represents a rebuff to public and business feedback about the current level of cleanliness in the city, but also fail to take account of the wide range of other areas in which Dublin's infrastructure and services could be improved. In the course of its Strategic Policy Committee representations, Dublin Chamber has highlighted a number of these projects, most notably the expansion of the DublinBikes scheme. Our proposal in this regard is detailed in the section below.

A full 15% reduction in the 2019 fiscal year would represent an excessive and one-sided relinquishment of public funds at a time of considerable population growth and pressure on Dublin's infrastructure. Dublin Chamber encourages Councillors to consider the ways in which Dublin's infrastructure, carbon emissions, traffic congestion, and quality of life could be tangibly improved by adopting a more modest variation in LPT in 2020.

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[14] Dublin City Council, Report No. 309/2017, Report of the Chief Executive to the Lord Mayor and Members of Dublin City Council re Consideration of the Local Property Tax Local Adjustment Factor in respect of the Financial Year 2018, https://consultation.dublincity.ie/finance/lpt-consultation-2019/supporting_documents/02%20%20Report%203092017%20LPT%20Variation.pdf

[15] Dublin City Council, Report No. 238/2018, Report of the Chief Executive to the Lord Mayor and Members of Dublin City Council re Consideration of the Local Property Tax Local Adjustment Factor in respect of the financial year 2019, https://consultation.dublincity.ie/finance/lpt-consultation-2020/supporting_documents/2382018%20LPT%20Variation%20Report%20%20Final.pdf

5. **Proposal for 2020-2024: Roll Out the DublinBikes Scheme**

Dublin Chamber believes that the environmental concerns and the worsening condition of traffic congestion make expansion of the DublinBikes a priority for the city. Policy on transport provision in Dublin City should be informed by the climate change emergency, the current and future demographic pressures facing the Greater Dublin Area, and the need to facilitate compact and high density growth. Local government must do what is within its own power to accelerate the shift towards sustainable and low carbon modes of transport. The continued expansion of DublinBikes is a targeted solution to these issues.

The Dublin Agreement 2019-2024 promises that Dublin City Council will seek funding for investment in cycling infrastructure, including the expansion of DublinBikes.[16] In reality, funding for this important project is already available. Revenue that is currently being lost due to the scale of the LPT local adjustment factor could be used to provide capital investment for the DublinBikes scheme to enable its long-awaited expansion. The total Local Property Tax (LPT) funding provided to DCC for 2019 was €80,060,675. When the 2019 Local Adjustment Factor variation percentage of 15% is applied this results in a loss of revenue of €12,009,101.[17] This is the largest single loss of funds to a local authority due to a downward variation percentage across the country. The willingness of Councillors to use some of this funding will be an early test of their commitment to the aspirations outlined in the Dublin Agreement.

DublinBikes is one of the world's most successful bike sharing schemes which has already played a positive role in encouraging modal shift among transport users in Dublin. DublinBikes has a long-term membership of 67,136 and averages over 10,000 short term subscribers a year.[18] The initial introduction of the scheme in 2010 saw unprecedented levels of success and infrastructure expansion was accelerated to meet initial demand. It currently consists of 1,600 bikes and 116 stations across the city centre.[19] DublinBikes ranks well internationally in terms of intensity of use, with its 1,500 bikes being used 4.4m times in 2016, four times the intensity of usage in London.[20]

With an annual subscription fee of only €25 it is also one of the cheapest bike sharing schemes in the Western World, and in Europe is joint first with Madrid for best value.[21] The use of outdoor on street advertising throughout the city to contribute to the running of the DublinBikes scheme keeps it affordable for users. The DublinBikes scheme is significantly more affordable than the privately operated stationless bikes available in the city; e.g. the Bleeper bikes annual subscription fee is €75.[22] Stationless bikes are a useful addition to the transport mix and can operate with DublinBikes on a complementary basis. From a business

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[16] The Dublin Agreement 2019-2024, pp. 4-5, https://www.labour.ie/download/pdf/dublin-city-agreement-final.pdf#page=4

[17] Department of Housing, Planning & Local Government, Final LPT Allocations 2018, https://www.housing.gov.ie/sites/default/files/publications/files/2018.09.30_final_2019_lpt_allocations.pdf

[18] DublinBikes, http://www.dublinbikes.ie/Magazine/Reports/Just-Eat-dublinbikes-latest-figures

[19] DublinBikes, http://www.dublinbikes.ie/Magazine/News/Expansion-of-Just-Eat-dublinbikes-Scheme-into-Grangegorman

[20] The Guardian, 25 February 2017, https://www.theguardian.com/money/2017/feb/25/best-and-worst-city-cycle-schemes-bike-sharing-london

[21] Ibid.

[22] BleeperBike, https://bleeperbike.com/prices/

perspective, however, they are far less reliable for commuters or other transport users on tight schedules.

The DublinBikes scheme is estimated to cost €1.9m a year to run, with the cost covered through subscription fees, sponsorship and subvention from the council to cover the shortfall.[23] The original capital and operational cost of the expanded scheme was estimated at €35m over 15 years to be funded through NTA funding, DCC funding, subscription fees and sponsorship deals.[24] As the economy continues to grow, costs, particularly in the construction industry, will continue to rise; in order to avoid inflationary costs, Dublin City Council should act sooner rather than latter to expand DublinBikes. A sense of urgency is now required, backed up with a clear timeline for delivery.

The last expansion of the DublinBikes scheme to Grangegorman in 2018 cost €1.4m and provided 15 new stations, 565 docking spaces and 100 additional bikes.[25] If Dublin City Council were to use the income lost through the downward variation of LPT, it would have new funds for capital investment in the DublinBikes scheme and would significantly increase the rate of expansion and delivery.

Table 1: Impact of LPT Variation on DublinBikes Expansion

Variation %	**Impact***	**Additional Revenue****	**Impact on DublinBikes**	
			Stations	***Bikes***
-15%	-12m	0	0	0
-10%	-8m	4m	43	290
-5%	-4m	8m	85	570
0%	0	12m	129	860
+5%	+4m	16m	171	1,140
+10%	+8m	20m	214	1,430
+15%	+12m	24m	256	1,710

* Based on 2019 LPT figures for Dublin City Council [26]

** Based on the cost of the Grangegorman expansion

Dublin Chamber is calling for the Council to reduce the LPT by 10% in 2020, generating an additional revenue of €4m, and linking this additional income to the expansion of DublinBikes. This would develop 43 new stations across the city and provide an additional 290 bikes in 2020 alone. Over the course of the present Council's five-year term, it would increase the number of stations by 215 and the number of bicycles by 1,450.

[23] The Irish Independent, 22 April 2016, https://www.independent.ie/irish-news/dublin-bikes-users-could-face-whopping-50pc-hike-in-subscription-fees-34650467.html
[24] https://irishcycle.com/dublinbikes/
[25] National Transport Authority, https://www.nationaltransport.ie/wp-content/uploads/2019/06/Sustainable_TM_Grants_2018_v2_web.pdf
[26] Department of Housing, Planning & Local Government, Final LPT Allocations 2018, https://www.housing.gov.ie/sites/default/files/publications/files/2018.09.30_final_2019_lpt_allocations.pdf

It would also result in only a slight increase to the householder bill. For a property valued between €250k and €300k, the LPT bill would increase by just €24.50 per year, just under the price of a DublinBikes subscription fee. The areas earmarked for the next stage of development will also primarily focus on high density residential areas and suburban towns which will allow those who live in these areas to directly and tangibly benefit from the LPT that they pay.

DublinBikes offers a world class and low cost means of sustainable public transport in a city that is struggling significantly with congestion. Dublin Chamber urges Dublin City Council to reconsider the downward variation of Local Property Tax by 15% this year. If the LPT reduction was limited to 10%, this would result in additional revenue of €4m which could be earmarked for the expansion of DublinBikes. This expansion programme should be concentrated in high density residential areas in order to support compact growth and to directly benefit those who pay LPT.