

Darragh O'Brien T.D.
Minister for Housing, Local Government and Heritage
Custom House
Custom House Quay
Dublin 1

8 July 2020

Re: July Stimulus, Rates Waiver and Local Government Funding

Dear Minister,

Firstly, congratulations on your new appointment and on behalf of our network of Chambers I would like to wish you every success in the role, which is particularly important to our membership.

We have enclosed an overview of our research into the economic impact of COVID-19 on the business community, which has tracked, from March to June, how business has responded to the crisis, the impact it has had on their revenue and their outlook for the months ahead.

The findings of our most recent set of survey results, published in June towards the end of Phase 1, are synopsised as follows-

- **Business activity levels are extremely low** for those businesses that have returned to operation under Phase 1
- Businesses that have opened are typically **experiencing less than half of their usual levels of business activity** for this time of year
- The median expected revenue of survey respondents over the next three months (relative to what they would have expected to be earning in a typical year) has risen from -60% to -50% over the next three months, so **most businesses expect their earnings over the coming three months to be half the normal amount**
- **25% of businesses expect to have earnings that are -70% of their usual level**

- The impact of revenue decline is being **felt more strongly in the regions, notably in the West, Border counties and the South East**
- **Smaller operators have seen revenue reduced most significantly**, again compounding regional effects for areas which do not have large employers
- **Invoice arrears are increasing** with the value of unpaid invoices (relative to the same period in 2019) significantly up across all sectors
- **Almost two thirds of microenterprises and small businesses have experienced both an increase in the value owed to them and an increase in the proportion of debt** that is owed to them that is now in excess of 90-days past due

Since the outset, we have highlighted the need for far-reaching economic interventions from Government to support local economies and job creators right across the country and have welcomed the supports that have been introduced thus far. Ahead of the publication of additional measures to support business in the July Stimulus, we are reiterating the need for significant supports for business to help them survive the economic crisis caused by COVID-19.

1. Reform and Extension of Commercial Rates Waiver

The announcement from your Department that the rates deferral was to be replaced with a three-month rates waiver, with the shortfall in funding for Local Government to be replaced by Central Exchequer funding, was very well received in our Network. However, while the move was welcome in principle, [feedback](#) from our members indicates that for the sectors who have been worst impacted (both through closures and declining revenue) waivers would need to be extended to a full year for impacted businesses, as appropriate, if they are to be of meaningful support to businesses.

We have consistently called for the waiver on commercial rates to be extended beyond the proposed three-month period (which came to a close at the end of June).

We would therefore recommend that the rates waiver be extended for up to twelve months depending on sectoral impact. Businesses urgently need clarity on this issue as they try to ensure the viability of their operations, keep staff employed and re-employ staff.

In addition, we would ask the Department to consider expanding the scope of the commercial rates waiver under the July Stimulus, so that it can serve business who have been negatively impacted with a proportional rebate, rather than just businesses who have had to close. We suggest that the criteria of a 25% decline in turnover should be the test for eligibility, as is the case with the Temporary Wage Subsidy Scheme. As it stands, the design of the waiver may act as an adverse incentive for businesses to remain closed for longer than may be necessary.

Finally, we have received feedback that there is a lack of clarity on the ground as to how the waiver should be applied, and when funding to replace shortfall in income will be received by local authorities from the Exchequer. We call for your Department to immediately clarify how the mechanism should operate and when Local Authorities can expect to receive additional funding, as was committed to by Cabinet under the last Government.

2. Increased Local Government Funding

Our members are acutely aware of the role Local Authorities will need to play at the frontline in supporting local economies and city and town centres to re-open. It is very likely that additional funding in excess of original 2020 budgets will be required to support the re-configuration of urban centres and this, in addition to any rates not collected due to waivers, will need to be funded by Central Government. Local Government must be assured that it will continue to have the resources it needs to provide vital local services throughout the post-COVID-19 recovery.

3. Supporting Town Centres

Finally, Chambers Ireland has called for the commitment of Government to a cross-departmental National Taskforce, led by the Department of the Taoiseach, to revive our town centres in a new post-pandemic world. The overarching objective of this Taskforce must be to enhance liveability, increase housing supply and support sustainable, active transport. Town and city centres must be given the appropriate support by your Department, and wider Government, so they can adapt to this “new normal” that enables safe and people-centred places and environments where social distancing requirements can be adequately met. We would encourage you to strongly support the coordination of an inter-departmental National Taskforce, led by the Department of the Taoiseach.

Since the outset, Chambers Ireland and its members have highlighted the need for far-reaching economic interventions from Government to support local economies and job creators right across the country. Recovering from this shock will be an enormous task and every assistance possible must be considered to support businesses and town centres right across the country.

We cannot stress enough the vital role of Local Government in assisting local economies to recover from this crisis and the importance of ensuring they are adequately funded to support this. We are available to brief you on developments as they unfold in local economies across our network. Please feel free to contact me directly to discuss any matter raised within this letter, or any other matter as it arises.

Yours sincerely,



Ian Talbot
Chief Executive

