

'Historic' 2014 Budget passed by City Council



Michael Walsh and Major John Cummins

The final budget to be struck by Waterford City Council ahead of its merger with Waterford County Council was, as anticipated, carried by seven votes (11-4) at last Thursday's meeting held at City Hall.

Given that this year's budget had to establish consensus across the three different and still existing administrative strands, namely the City Council, County Council and Dungarvan Town Council, the past month has been most hectic for officials in both the city and the county capital.

Michael Walsh, recently appointed as Local Authority Manager for Waterford, listened to Councillors debate the budgets in both Dungarvan and Waterford city on Thursday last, and no doubt will have exhaled in relief that a significant hurdle has been cleared for 2014.

In presenting the budget, Mr Walsh noted that the "administrative changes" brought about the pending merger "will be happening from January onwards" in the wake of his appointment as Waterford's single manager.

"The budgets of each of the local authorities will obviously be merged during the year and it is vital that they are consistent with each other and place the new authority in a position to continue to provide the best level of service possible to all of the people of Waterford," he stated.

"Not alone do the budgets have to be consistent but they have to effectively merge from day one, as amalgamation costs, financial costs and lump sums for staff departing through early retirement and voluntary redundancy have to be distributed across all three budget books."

Describing the aligning of all three budgets as "the first step in a new journey for Waterford", Mr Walsh told Councillors that the changed circumstance in local government had led him to view "the three budgets as a single budget".

The headline inclusion in the budget was undoubtedly the news that the Commercial Rate in the city has been cut by 20 per cent, a move that, without fear of contradiction, will keep many businesses open in Waterford in, at least, the short to medium term.

Stated Michael Walsh: "All options have been examined in the context of maintaining a sustainable financial position and formerly I would have favoured a rate across all three local authorities. This would have meant a rise for Waterford County (nominal only) and a six to seven per cent rise for Dungarvan.

"I acknowledge that rate increases are not tolerable for many businesses in the current economic climate and I now find that, with the additional assistance from the Minister [for the Environment] through the Local Government Fund aligned with efficiency gains from the amalgamation process, I am in a position to recommend that the rates be aligned to the lowest rate, being that of Dungarvan at 0.252.

"This means in effect that Waterford City ratepayers will receive a deduction of 20 per cent, with county ratepayers receiving a deduction of five per cent and Dungarvan remaining the same relative to the sums notified to occupiers in the revaluation process in August."

He added: "It may be perceived that this is unfair from a Dungarvan perspective but the reality is that this immediate transition means future increases will not happen for Dungarvan rate payers, as they inevitably will for other towns all over the country, and in my view takes cognisance of the fact that:

"The Waterford City situation is somewhat anomalous given that the collapse in rental venues in industrial property...has placed an undue burden on other ratepayers in Waterford city and equity demands that ratepayers in a single authority pay the same relative to their valuation (and theoretical earning capacity) as all others in that administrative area."

Michael Walsh continued: "The immediate reconciliation will be a unifier and remove what might well become a continuing point of contention in the amalgamation process. This move will enhance the combined authorities [a] competitive position in the attraction of enterprise and will give an immediate message that the new entity is open to and proactive towards business."

The Budget was proposed by Cllr Tom Cunningham (Fine Gael) who stated that: "This is the closing of a chapter and potentially the opening of a new chapter in the city's history - and that story will be written not by us but by those that come after us..."

"We are still on a very tight rein financially in terms of resources available for day to day activities such as road resurfacing and house maintenance but it must be said that we are faring no worse than any other local authority in terms of national support and it is a compliment to the executive and staff that they do so much with so little."

With the Government parties supporting the budget, which was seconded by Labour's Jack Walsh, it also won support from Fianna Fáil's Adam Wyse and Independent Councillors Davy Daniels, Cha O'Neill and Mary Roche.

Cllr Roche, a vocal opponent of the merger, spoke of "closing a chapter - a chapter

on 1100 years of the independent self-governance of Waterford city. I do regret that and I wouldn't have sold that for €4.3 million or, indeed, for any price".

She added: "My main concern was that we are introducing structural long term reductions to our income based on a one year windfall from central government. I also had a problem understanding how less was more.

"When the joint Waterford local authorities last year received €23.5 million and this year is only to receive €16.5 million.

"However I am reassured by my meetings with the Manager that the reductions are sustainable and that despite the money being less, this is accounted for by the portion of the grant heretofore which was payable to the Councils for the provision of water services which will now come via Irish Water. So I understand now how less is more.

"I am also happy that when in 2015 the Local Government grants is replaced by the Property Tax that there will have to be some form of equalisation as this would amount to just around €4 million for the new authority!"

She added: "Really, the only show in town is jobs – jobs, jobs, jobs. And I am delighted to see that we are putting an extra €500,000 in the Business Development Unit across the new authority.

"If people have jobs, they have more money in their pocket and that filters through to shops, restaurants, services and helps everybody – and I would like to see a plan brought forward of what we are trying to achieve with that money."

Regarding Irish Water's establishment, Michael Walsh confirmed that the new authority will pay €3.9 million in rates to Waterford City Council this year, which he described as "an unexpected bonus".

"Historically, water service infrastructure has only been nominally valued in our rates books but full valuation has now taken place and Irish Water will be obliged to pay rates like any other commercial entity."

Sinn Féin's John Hearne lamented the handing over of "a €175 million in assets" to Irish Water and didn't feel that the budget was as positive as those in voted in favour had heralded it.

"I think we should go back and look for more funding from central government given what we're handing over to them since we are now effectively losing our city status and surrendering our mayoralty."

Cllr Davy Walsh (Independent), who has opposed every budget brought before the Council in his 35 years as an elected representative, said his vote reflected "the mandate given to me by those who voted for me... and I have to be honest – I don't believe this is a very positive budget for Waterford".

Cllrs Dick Roche and Sean Reinhardt, who also voted against the Budget, made similar soundings, with both stating that they couldn't view what was being struck as particularly historic.

With the Manager confirming that amalgamation costs have run to €3.1 million, Michael Walsh added that this has been somewhat offset by a €1.5 million saving due to "reduced payroll costs, procurement savings and reduced member costs...across the 2014 budgets relative to 2013."

Mayor John Cummins said the budget represented "positive news for the people of Waterford", adding that on this occasion, finalising the budget "had proven a relatively easy process when compared to the previous budgets struck in my five years as

a Councillor”.

He added: “We hear all too often that the present Government has forgotten about Waterford when in reality the facts point to the opposite.