

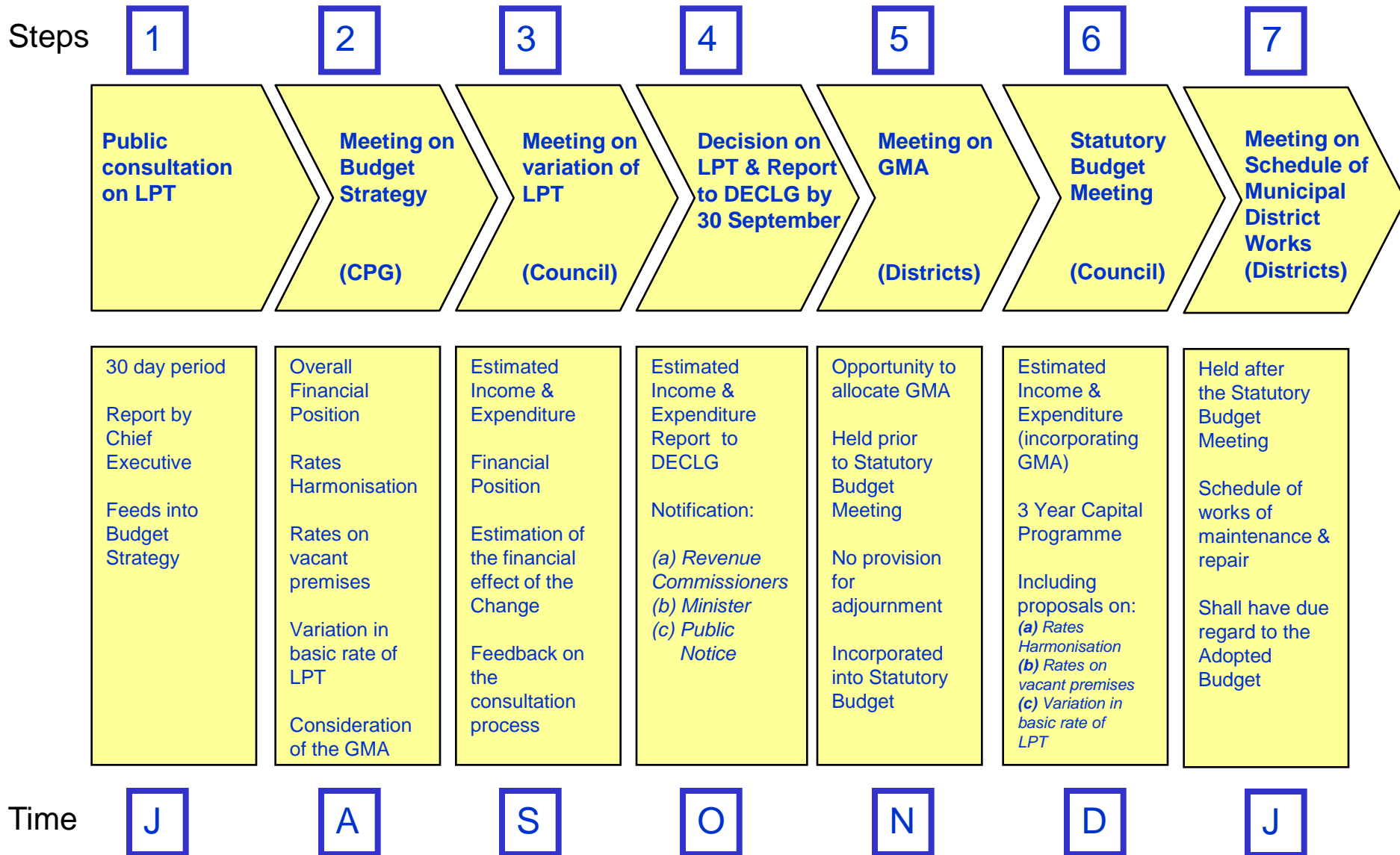
Local Authority Finance

*Association of Irish Local Government
(AILG)*

13 June 2015

Jimmy Dalton, Westmeath County Council

Budget Process – LG Reform Act 2014



Importance Of Maintaining Income

- Macroeconomic Risks
- LG Reform
- Tiger legacies
- Emerging from national & global recession

- Variation in basic rate of LPT
- Harmonisation of Rates (ARV)
- Charges for local services

Macroeconomic Risks

TABLE 2.4: MACROECONOMIC RISKS COVERED IN *SPU 2015*

Risk	Direction	Details
Oil Prices	Upside	This is largely positive for competitiveness and for household real purchasing power. Some downside risks exist if oil prices rise faster than expected.
Exchange Rates	Upside	Euro depreciation vis-à-vis sterling and US dollar aid exports destined for markets outside the euro area, namely the UK and US.
Household Debt	Downside	Prioritisation of household income rises for further debt reduction rather than consumption might spell downside risk to consumption forecasts.
Competitiveness	Downside	Possibility that wage/productivity growth exceeds that of Euro Area and elsewhere, thus damaging competitiveness.
Euro Area Growth	Downside	Euro Area shows more encouraging growth prospects of late, but has a recent history of growth disappointments. Uncertainties surrounding developments in Greece could induce re-emergence of financial stress.
Global Financial Markets	Downside	Risks of a return to global financial market turbulence could increase due to asset market mispricing or low market liquidity.
Deflation	Downside	Deflation could raise real interest rates and depress aggregate demand.
Banking System	Downside	Progress has been made on restoring financial viability of banking system, but vulnerabilities in asset books may weigh on bank credit ratings.
Geopolitical Risks	Downside	Any acceleration in tensions could pose downside risks for growth.

Source: *SPU 2015*.

Note: The direction of risk is inferred from but not specified in *SPU 2015*.

Source: *Fiscal Advisory Council – June 2015*

Impact on owners of a variation of 15% in the basic rate of
Local Property Tax in Westmeath

Valuation Band	Out of every 100 owners	Impact per annum
€0-100,000	38	€14
€100,001-150,000	38	€34
€150,001-200,000	18	€47
€200,001+	6	€61+

Source: Revenue Commissioners – 2014

Impact on LA of a variation of 15% in the basic rate of
Local Property Tax in Westmeath

€985,000

WCC budgeted expenditure for 2015 on:

- Local Roads - €1,770,000
- Street Cleaning - €890,000
- Fire Services - €2,095,000
- Libraries - €1,590,000
- Community, Sport & Leisure - €1,000,000
- Arts - €815,000

Questions or Comments

