



**RATE RELIEFS FOR BUSINESS IN NORTHERN
IRELAND**

CONSULTATION REPORT

April 2006



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FOREWORD BY JEFF ROOKER

Minister of State

The rating system in Northern Ireland was one of the first key areas identified by the Northern Ireland Executive as in need of reform. Accordingly it initiated a wide-ranging review with the aim of establishing a fairer basis for raising local revenues, all of which stays within Northern Ireland and is used directly for investing in public services.

The policy paper on rate reliefs for business, published for consultation in March 2005, provided the opportunity to extend the review into this important area. It invited responses on a range of measures intended to support businesses, particularly those in rural areas, by:

- providing relief for farm diversification businesses;
- introducing relief for stud farms;
- exempting rural ATMs (cash machines) from rate liability;
- encouraging quarry operators to be environmentally friendly by excluding relevant items of plant machinery from rating assessment;
- retaining freight transport relief for the time being with future review;
- allowing the rating system to be used as a means of collecting revenue for the funding of Business Improvement Districts (BIDs).

In proposing these measures, the Government took account of the need to strike a reasonable balance between providing effective incentives to the business community and minimising the cost to other businesses and householder ratepayers who have to pay for them. To do otherwise would reduce the money that would be available through the rating system to invest in public services and infrastructure within Northern Ireland. This money is needed to build and to sustain a modern economy, which is the best way of creating the right environment for business success.

This report summarises the views expressed during consultation on all the issues raised and the various measures proposed in the policy paper.

I have given careful thought to those views that included, as well written responses, views expressed by participants at various discussion meetings. Given the overall level of support expressed during the consultation I am able to announce that I have decided to move ahead with a number of the measures proposed last March. I also have taken the opportunity to introduce a change to the period of exclusion from vacant property rating will be of significant benefit to local enterprise agencies.

The case for having small business rate relief (SBRR) was also supported by many who responded to the consultation, though some strong views were expressed, notably by the CBI, against introducing such a scheme in Northern Ireland. This was on the grounds that inevitably it would have to be paid for by charging big business a rate levy, particularly when large manufacturing firms are being asked to pay rates for the first time since 1983.

It is too soon to be able to assess the impact of the small business relief schemes introduced in England and Scotland and I believe that it is important to examine their effectiveness before making any final decisions for Northern Ireland. I have therefore decided that a review of the case for introducing small business rate relief in Northern Ireland should be carried out during 2007.

I have considered the case for stud farms and other developments in the equine sector and have concluded that this issue cannot be progressed at the present time. The equine sector is working on a strategy for the development of its sector in Northern Ireland and this may result in proposals for amendment to rating policy. As such I would prefer to consider any amendments when the strategy is complete.

Although not a proposal put forward in the policy paper, representation was made for rate exemption for artists primarily on the basis that generous incentives are available to artists in Great Britain. Having examined this matter closely I am satisfied that there is no significant difference between rating legislation in Northern Ireland and that which exists in Great Britain, with the exception that in Great Britain exemption is awarded on a discretionary basis by local authorities. Provision already exists in Northern Ireland rating legislation for non-profit making groups concerned with fine art to receive rate exemption although I understand that there has been little uptake for such exemption to date. Until this happens it will not be possible to see whether the existing legislation is adequate or if it needs amended. Accordingly I do not propose to make any change at this time.

A case was also put forward to resurrect Enterprise Zones as a means of providing a rate free area for Local Enterprise Agencies (LEAs), particularly those that have been affected adversely by the introduction in 2004 of the unoccupied non-domestic property rate. I accept that some mitigation is necessary because of the special circumstances in which these agencies operate but I do not believe that Enterprise Zones are the answer. Instead I propose to amend the unoccupied non-domestic property regulations by extending the initial exclusion period from rates for LEAs from three months to one year. Such properties will also be excluded from the completion notice process applicable to new buildings.

Farm diversification relief will only be available for a maximum period of three years and this principle is in keeping with the incentive schemes that have existed in Great Britain. In addition I have also decided to place an initial time limit of three years on the remainder of these measures but with the possibility of a further extension to be decided by a future Northern Ireland Executive. This will ensure that the continued relevance and effectiveness of these reliefs is subject to open and full scrutiny, thus protecting the interests of other ratepayers.

The conclusion of the public consultation on these aspects of the Review of Rating Policy marks another important milestone in progressing reform of the rating system in Northern Ireland. The views expressed have been both helpful and informative in determining the best way forward, contributing directly to the formulation of policy.

I believe that this has led to a sound and balanced package of measures that align well with wider policy initiatives and yet do so without putting an unacceptable burden on those businesses and householders that are liable to pay full rates.

A handwritten signature in dark ink, appearing to read 'Jeff Rooker', with a horizontal line underneath it.

Jeff Rooker
Minister of State
28 April 2006

EXECUTIVE SUMMARY

Introduction

1. The Review of Rating Policy was commissioned in May 2000 by the Northern Ireland Executive in recognition of the widely held view that the existing rating system was in need of reform.
2. As part of the Review process a main public consultation was launched in 2002 and this resulted in widely varying views on the need for change. There was, however, general agreement that any reform of business reliefs should be consistent with Government policy aims and should complement other support measures.
3. The Government considered the views expressed during the public consultation and published initial proposals in a policy paper in March 2005. A separate initial Integrated Impact Assessment (IIA) of the proposals was also published for consultation at the same time. The policy paper addressed a number of areas with a particular focus on rural businesses. These included:
 - the case for providing relief for small businesses;
 - farm diversification relief;
 - relief for the equine sector;
 - exemption for banking facilities (ATMs) in rural areas;
 - relief for the quarry industry;
 - freight transport relief.

The paper set out and sought views on the Government's preferred approach to reform.

4. The consultation period lasted sixteen weeks and the closing date for written responses was 8 July 2005. Meetings were held with key stakeholders during the consultation period. Twenty-nine written

responses were received in total, twenty-eight from organisations and one from an MLA.

5. This consultation report summarises the views of all those who responded orally and in writing. It also sets out the Government's response to the reforms proposed and the next steps to give effect to those measures being taken forward.

Key Reform Areas

Reliefs for Small Businesses

6. Twenty-one responses were received on the issue of whether a Small Business Rate Relief (SBRR) scheme should be introduced. The majority of respondents were in favour of its introduction, however there were differing views on when the review of the rationale for its introduction should take place. While some respondents indicated that they would like to see Government proceed as quickly as possible, others welcomed the deferment of the review for twelve months.
7. The CBI, the Economic Research Institute of Northern Ireland (ERINI) and the Northern Ireland Manufacturing Focus Group (NIMFG) expressed strong views against introducing such a scheme in Northern Ireland. Notably CBI was against its introduction on the grounds that inevitably it would have to be paid for by charging big business a rate levy, particularly when large manufacturing firms are being asked to pay rates for the first time since 1983.
8. On balance, it the Government's view that now is not the right time to introduce a SBRR scheme in Northern Ireland. In coming to this decision, it has been persuaded by a number of factors. These include the cost to other ratepayers, and in particular larger businesses, at a time when manufacturing firms are being asked to pay rates and the fact that

it is too soon to examine the effectiveness of the schemes elsewhere in Great Britain.

9. The Government considers that it is important to assess the impact of these schemes before any decision to introduce a similar scheme for Northern Ireland is taken. However it has taken note of the high level of support arising from the consultation for a SBRR scheme as well as requests, notably from the Federation of Small Businesses, for early review of the case for its introduction. In light of these factors it has decided to review the case in 2007 for introducing a SBRR scheme.

Farm Diversification

10. The Government notes the overwhelming support for the proposal to introduce farm diversification relief and therefore it has decided to introduce this relief in Northern Ireland along similar lines to that in Great Britain but based on Net Annual Value (NAV) levels appropriate to Northern Ireland. Relief will be 50% of full liability.
11. While it was always intended that the scheme would be targeted towards non-agricultural undertakings it is necessary, because of State Aid rules, to restrict it to those activities that fall outside the EU definition of agricultural activity.
12. It is proposed that the relief will be targeted at new small enterprises, subject to a £7,000 NAV ceiling, available to farmers themselves and their immediate families and will be available for a maximum period of three years from the date the legislation comes into operation.

Relief for the Equine Sector

13. The consultation highlighted support for the Government's policy proposal to introduce relief for stud farms along similar lines to that available in Great Britain. The equine sector is working on a strategy for

the development of this sector and this may result in proposals for amendments to rating policy. As such Government has decided that it would be preferable to await the outcome of this work before making any decision.

Rate Exemption for Automatic Telling Machines (ATMs) in Rural Areas

14. There was unanimous support for exempting ATMs in rural areas. Views were also expressed that this should apply to all ATMs rather than restricting exemption to non-fee charging machines as proposed. The Government has given further consideration to the detail of the proposal and is satisfied that granting exemption for all ATMs in rural areas (provided that each is shown as an individual entry in the Valuation List) still meets its overall policy objective, i.e. regardless of whether or not a fee is charged for transaction.

Rate Relief for the Quarry Industry

15. The Government acknowledges the general support for the proposal to provide relief to quarry operators who undertake environmental improvement works. It therefore intends to provide relief to this sector as part of an incentive to raise standards, reward compliance and align with Northern Ireland policy on aggregates levy. The proposal to be introduced through subordinate legislation is for exemption from rates for specific structures.

Freight Transport Relief

16. There was unanimous support to retain this relief at the present time. The Government believes however that the case for removing freight transport relief on grounds of economic efficiency is a strong one but has decided that now is not the time to add to the costs of industry in Northern Ireland. It therefore proposes to retain freight transport relief at

present but subject to future review in April 2007 (or earlier if there is EU intervention on State Aid).

Business Improvement Districts (BIDs)

17. While there was general support in principle for the policy proposal, there were some concerns about the adoption of a BID scheme based on a Great Britain model without knowing the results of the pilot projects running in England and Wales. There were also concerns about the willingness of business ratepayers to contribute to an additional levy to fund a scheme.
18. Business improvement schemes are not associated with rate relief (rather they involve a rate levy). The Department for Social Development (DSD) is currently the lead Department for the introduction of BIDs. However given the changes expected to arise from the Review of Public Administration (RPA) and the likelihood of a number of regeneration functions transferring to local government, the Government considers that it would not be appropriate to proceed with rating legislation on BIDs at this time, as it cannot be assumed that local government here would wish to adopt the model used in Great Britain. Instead it will await the outcome of the RPA.

New Policy Proposals

Local Enterprise Agencies (LEAs)

19. A case was put forward to resurrect Enterprise Zones as a means of supporting LEAs, particularly those that have been affected adversely by the introduction of the unoccupied non-domestic property rate in 2004.
20. It is accepted that some mitigation is necessary because of the distinct circumstances in which LEAs are required to operate compared to private business, i.e. providing low cost accommodation for business

start up often in disadvantaged and high-risk areas where the market does not supply suitable premises.

21. During the consultation the prospect of re-introducing Enterprise Zones was raised in this context, as a means of providing rate relief to this important part of the social economy sector. The Government does not consider however that Enterprise Zones are the answer. Instead it has decided that the best way to address the problem is to amend the unoccupied non-domestic property regulations to extend the initial exclusion from rates period from three months to one year for LEAs. Such properties will also be excluded from the completion notice process.

Rate Exemption for Artists

22. Representation was made during the consultation that both artists who have established themselves as a collective group/organisation and also individual artists should gain exemption from rates for both studio and exhibition space. It was suggested that generous incentives are available elsewhere.
23. Having examined this matter the Government has concluded that there is no material difference between the relevant rating legislation in Northern Ireland and that in Great Britain. This permits exemption to be awarded to 'not for profit' groups associated with the arts. One distinction however is that in Great Britain exemption is awarded by local authorities on a discretionary basis and therefore there may be scope for differences in interpretation and application.
24. Research has revealed also that there has been minimal uptake of rate exemption from groups of artists in Northern Ireland in recent times and therefore the application of the existing legislation has not been tested to any degree. Given this the Government has decided that no further legislative change is appropriate at this time.

25. In terms of individual artists, research carried out indicates that exemption is not provided to such artists in Great Britain under rating legislation. The Government therefore does not consider there is inequality in treatment and does not intend to pursue this matter further.

SUMMARY OF POLICY DECISIONS

- To introduce (through primary legislation) farm diversification relief along the lines operating in Great Britain.
- To provide (through primary legislation) exemption for automatic telling machines (ATMs) in rural areas that are shown as individual entries in the Valuation List.
- To provide (through subordinate legislation) relief for quarry operators who undertake environmental improvement works.
- To amend the unoccupied non-domestic property regulations to extend the initial exclusion from rates period from three months to one year for LEAs and also (through primary legislation) to exclude new LEA property from the completion notice procedure.
- To retain freight transport relief at its current level but to review in April 2007 (or at some earlier date if there is prior EU intervention).
- Not to introduce small business rate relief in Northern Ireland at this time but to review the case in April 2007.
- Not to make specific provision in rating legislation for exemption for artists in addition to that which already exists for non-profit making organisations concerned with the arts.
- To defer the decision on relief for stud farms and other reliefs for the equine sector until work on a strategy for the development of the sector has been completed.
- Not to use the rating system as a levying, billing, collection and recovery mechanism for Business Improvement Districts (BIDs) or

similar local regeneration initiatives at the present time.

SECTION 1

Introduction

26. The Review of Rating Policy was commissioned in May 2000 by the Northern Ireland Executive in recognition of the widely held view that the existing rating system was considered to be out of date, unfair and incapable of supporting commitments made in the Executive's Programme for Government.
27. As part of the Review process a main public consultation was launched in 2002 and this resulted in widely varying views on the need for change. There was, however, general agreement that any reform of business reliefs should be consistent with Government policy aims and should complement other support measures.
28. The Government considered the views expressed during the public consultation and published initial proposals in a policy paper (that included a summary of impact assessments) in March 2005. The policy paper addressed a number of different areas but focused mainly on the business and rural sectors. These included the case for providing relief for small businesses, farm diversification relief, relief for the equine sector, banking facilities (ATMs) in rural areas, the quarry industry and freight transport relief. The paper also set out, and sought views on, the Government's preferred approach to reform.

The consultation process

29. The consultation process was advertised widely in the local press and approximately 320 copies of the policy paper were circulated to a variety of interest groups and individuals in March 2005. The policy paper, and associated documentation, was also made available on the internet and in alternative formats and languages on request including Braille, Irish and Ulster-Scots. During the consultation period there were 2364

requests for downloading the policy paper from the Rating Policy website and 803 requests for downloading the initial Integrated Impact Assessment.

30. The consultation period lasted sixteen weeks and the closing date for written responses was 8 July 2005. A number of meetings were held with key stakeholders during this period, including the Ulster Farmers Union, the Federation of Small Businesses, the Quarry Products Association and the Irish Thoroughbred Breeders Association (northern region). Twenty-nine written responses were received in total, twenty-eight from organisations and one from an MLA. A list of those who responded in writing is provided at Annex 1. These responses have been published on the Review of Rating Policy website and it should be noted that all views expressed during the consultation (including those presented during discussion meetings) have been taken into consideration in deciding which policy proposals should be taken forward.

This Report

31. This Report provides a summary of the views expressed during the consultation exercise on each of the key reform proposals as presented in the policy paper (Section 2). It also sets out the Government's response and next steps (Section 3). Section 4 provides a final summary of impacts on the Government's response.

SECTION 2

Consultation Responses and Analysis

32. The policy paper invited interested parties to express views on the Government's proposals. In total twenty-nine responses were received. Views were also obtained at a series of meetings with key stakeholders.

TYPE OF ORGANISATION OR INDIVIDUAL	NUMBER
Non-departmental public body	2
Local Business	3
District Council	8
Representative Body	14
Individual	1
MLA	1

Summary of Findings

33. This Section focuses on responses to the Government main policy proposals set out below and addresses a number of additional issues raised during consultation.

Proposal: To review the rationale for the introduction of a small business rate relief scheme in Northern Ireland in twelve months time but not to introduce a scheme at this point.

Background

34. SBRR was introduced in Scotland in April 2004 and England in 2005 and larger businesses pay a supplement to fund the schemes. A number of policy considerations for and against introducing SBRR in Northern Ireland were outlined in the policy paper. The Government had reservations about the effectiveness of SBRR and proposed reviewing the rationale for the introduction of a scheme in twelve months time.

Consultation responses

35. Twenty-one responses were received on the issue of SBRR of which eighteen were in support of the introduction of a scheme. The scheme was welcomed by a number of respondents on the grounds that rates were a higher percentage of overheads for small businesses. Some respondents believed that the introduction of a scheme would address the lack of parity, which placed Northern Ireland companies at a competitive disadvantage with their Great Britain counterparts.
36. Of those in support of a scheme, ten respondents commented on the proposed 'review' timescale for introduction. Seven respondents were opposed to the timescale for review, indicating they would like to see Government proceed as quickly as possible. They were Coleraine Borough Council, one MLA, Quarry Products Association, Mallusk Enterprise Park, Enterprise Northern Ireland, Moyle Enterprise Company and Larne Enterprise Development Company Ltd (LEDKOM). The remaining three welcomed the deferment and urged Government to keep a watching brief over the review period. They were Antrim and Craigavon Borough Councils and RDC.
37. During a meeting to discuss the policy proposal, FSB indicated its disappointment that a SBRR scheme is not being proposed, particularly when there is an opportunity to use the proceeds from the phasing out of industrial derating to fund it. It called for a review of SBRR at the earliest opportunity.
38. CBI, the Economic Research Institute of Northern Ireland (ERINI) and the Northern Ireland Manufacturing Focus Group (NIMFG) were opposed to the introduction of a SBRR scheme.
39. CBI cited a number of reasons for opposing such a scheme. It considered that rate relief was a blunt instrument to support growing

firms and that there were other more effective measures and support available to assist small firms. CBI was concerned that rate relief would be offset by increased rents and also feared that the relief could create additional barriers to growing firms once they hit a certain size.

40. ERINI regarded the relief as a 'crude form of assistance with inherently high levels of deadweight'. While it believed 'the principle of supporting small businesses may be sound it is by no means clear that the most effective and economic way of doing so is through a blanket relief'. ERINI urged caution and noted that the evidence for introducing a SBRR scheme would have to be more convincing than that which is currently available.
41. NIMFG was against measures that reduced the competitiveness of the industrial base as a whole. In particular, it did not wish to see the introduction of a scheme that negatively impacted on larger businesses. NIMFG was also concerned that larger businesses would have to pay for the introduction of a SBRR scheme.
42. TESAB Engineering Limited favoured Option 5. This was to apply the Scottish model but with a single rate relief that excluded disadvantaged areas from supplementing the scheme. FSB, while supporting the principle of a scheme, was opposed to all five options. It argued that none of the five options was applicable to the needs of the Northern Ireland economy, cautioning against introducing a number of unwieldy schemes that would prove costly to administer. Instead FSB proposed an alternative model that was based on a simple graduated scheme that targeted businesses with potential for longer-term growth. RDC and Antrim and Craigavon Borough Councils believed it might be necessary to develop an alternative model to best suit the Northern Ireland economy.
43. A number of respondents raised some issues that they felt needed further consideration in the development of the scheme. For example,

Fermanagh District Council, one MLA, Lisburn City Council and FSB wanted to see a scheme that considered the costs of start-up companies of which rates represents a higher proportion of costs in the initial stage of development.

44. A case was put forward to resurrect Enterprise Zones as a means of supporting LEAs, particularly those that have been affected adversely by the introduction of the unoccupied non-domestic property rate since 2004.
45. Mallusk Enterprise Park, Enterprise Northern Ireland, Moyle Enterprise Company, LEDCOM and Banbridge District Enterprises Ltd also proposed that tenant businesses of LEAs should be covered by a SBRR scheme. Moyle Enterprise Company proposed that a scheme should, in particular, cover start-ups, vacant units and specialist business incubations in LEAs. Some respondents pointed out that businesses locating in Enterprise Zones and other similar facilities in England and Scotland could avail of small business reliefs but did not incur the same high operational costs as their Northern Ireland counterparts. In view of this, it was felt that small businesses and LEA tenants should be afforded the same opportunity as their counterparts in Great Britain.
46. Moyle District Council wished to see a scheme that took account of the seasonal nature of the tourist industry. Omagh District Council felt that the level of relief should take account of business turnover. It also believed that priority should be given to New TSN (Targeting Social Need) areas that scored highest in Northern Ireland Multiple Deprivation Measures and that new businesses should be given an incentive to trade in these areas.
47. Fermanagh District Council generally supported the proposal but expressed concern as to how the costs of the reliefs would be funded. Lisburn City Council and Coleraine Borough Council supported the proposal but urged Government to ensure that the scheme was quickly

and effectively introduced in twelve months time. They also warned that a SBRR scheme alone would not address the range of problems faced by rural businesses but could be offered as one of a number of incentives for them.

Proposal: To introduce a farm diversification relief scheme along the lines operating in Great Britain

Background

48. Agricultural land and buildings are exempt from rates but are rateable where non-agricultural activities take place on farms. Farmers who wish to diversify their activities are therefore faced with paying rates when any part of their property moves from agricultural to non-agricultural use.
49. A farm diversification rate relief scheme was introduced in England and Wales in 2001. This provided rate relief for a five-year period to all new small non-agricultural enterprises on farms. Scotland has since introduced a similar scheme.
50. These schemes allow 50% mandatory rate relief for land and buildings used for non-agricultural purposes on what had been agricultural land and buildings. Local authorities were given a discretionary power to increase the relief to 100% where they felt the changed use of the property would be of benefit to the wider local community. The relief is granted in respect of property with a rateable value of less than £6,000. This would be roughly equivalent to an NAV of around £7,000 in Northern Ireland under the current 2003 Valuation List.

Consultation responses

51. Fourteen responses were received on this issue. The majority were in favour of the proposal with only two respondents against it in its present form.

52. The FSB, Banbridge District Council, Coleraine Borough Council and Moyle Enterprise Company offered unqualified support.
53. Moyle District Council felt that the policy should be considered along with the review of planning policy, which it regarded as currently acting against farm diversification. Timing was an issue for Lisburn City Council but in relation to how it would complement the Council's existing farm diversification programme.
54. The RDC welcomed the proposal to encourage and enable farm diversification but suggested that the definition of agricultural and non-agricultural enterprise was also important in this regard. It also shared Government's concern that the scheme could cause displacement that would potentially impact on other potential new rural business start-ups outside the farm unit. To address this issue, it suggested that consideration should be given to a wider rural relief scheme to encourage new business start-ups that specifically provided rural services and supported rural economic development and regeneration in the most disadvantaged isolated rural communities across Northern Ireland.
55. Several organisations commented on the detail of the proposed scheme. Omagh District Council suggested that fabricating/welding operations should be included. The British Horse Society, on the other hand, were opposed to the inclusion of horse activities on the basis that this would not create a level playing field for other existing established equestrian enterprises. Antrim and Craigavon Borough Councils proposed that the scheme should encourage a broad range of activities including tourist accommodation, farm shops craft shops and craft workshops.
56. The CBI requested clarity on cost. It also sought assurances that the scheme would not have a negative impact on other non-domestic ratepayers over the medium to longer term.

57. One MLA and Fermanagh District Council opposed the proposal on the grounds that a relief scheme similar to that in England and Wales was too restrictive. Both shared the view that relief should be introduced on a sliding scale relating to the NAV of a particular property. In this way, new economic activity would be encouraged in rural areas and additional farm income secured through letting.

Proposal: To introduce relief for stud farms along the lines operating in Great Britain but not to provide further reliefs for the equine sector until a cohesive strategy is in place and a case has been made based on evidence of need

Background

58. The 'Vision' document published in 2001 by the Department of Agriculture and Rural Development brought to the fore some longstanding policy issues, arising from a comparison of the fiscal regimes for the equine sector in Northern Ireland and the Republic of Ireland. The rating policy paper recommended no change until a cohesive strategy for developing the equine sector was in place and it therefore only examined the case for providing selective reliefs to this sector.
59. The paper highlighted the fact that there are no plans, at present, to change the re-designation of the horse as an agricultural animal on the basis that this would require primary legislation to amend the relevant provision in the Agriculture Act (Northern Ireland) 1949. This would also require agreement at national level as the current designation of the horse applies United Kingdom wide.
60. Rate relief to stud farms was however one area in which the Government was of the view that reform could be considered in the present climate.

Consultation responses

61. Twelve responses were received on the proposal to introduce relief for stud farms along the lines in Great Britain. The overwhelming majority supported this proposal with the exception of the Irish Pony Society, which was in favour of a system along the lines of that in the Republic of Ireland.
62. The second part of the proposal was to provide no further reliefs for the equine sector until a cohesive strategy was put in place. No issues were raised in relation to this aspect.
63. Coleraine Borough Council, Banbridge District Council, one MLA, Lisburn City Council and Antrim Borough Council all offered unqualified support for what was being proposed. The Northern Ireland Horse Board Co-operative Ltd stated that support was needed for the sector and that such relief was an initial step. RDC viewed it as a keen growth area.
64. The Irish Thoroughbred Breeders Association welcomed the proposal to give rate relief to stud farms in Northern Ireland. However the Association sought clarification on the definition that would be used.
65. CBI supported the proposal at a 'modest cost' but stated that the estimated costs should have been set out in the consultation paper.
66. Finally one MLA and Lisburn City Council raised the issue of the re-designation of the horse as an agricultural animal. The former highlighted it as an issue for a future devolved administration. Lisburn City Council was keen to see the horse re-designated as an agricultural animal as this would ensure that all businesses with stables, etc. would no longer be classed as rateable.

Proposal: To provide exemption to encourage the growth of automatic telling machines (ATMs) in rural areas

Background

67. ATMs, which are not located in banking premises, are entered in the Valuation List. The machine itself is not rateable and what is valued is the location, comprising the site and the structure in which the machine is housed. In Scotland ATMs in rural areas are have been exempt from rates.
68. The policy proposal highlighted the potential in Northern Ireland, to also grant exemption for ATMs in rural areas, as a means of sustaining or encouraging this particular service. The proposal was that only ATMs that do not charge would be entitled to rate exemption.

Consultation responses

69. Nine responses were received on this issue with overwhelming support for the proposal.
70. Coleraine Borough Council, FSB, Banbridge District Council, Antrim Borough Council and CBI all offered unqualified support.
71. RDC, however, while generally supporting the proposal had concerns that restricting exemption to non-charging ATMs would favour larger settlements. Lisburn City Council was concerned that 'due to the dispersed nature of settlements in Northern Ireland this might give rise to equality issues'. Finally one MLA suggested that post offices should be considered as locations for ATMs.

Proposal: To provide relief for quarry operators who undertake environmental improvement works

Background

72. The policy paper proposed relief from rates for specific buildings or constructions erected within quarries to reduce environmental impact such as conveyor covers, enclosed crushing plants, oil tank bunds and lean-to structures to reduce dust emissions. The purpose would be to promote environmental good practice to raise standards and reward compliance. The Government considered that this policy proposal for rate relief would align well with its policy for reduction in aggregates levy.

Consultation responses

73. Eleven responses were received on this issue expressing support for the proposal.
74. TESAB Engineering Ltd, Coleraine Borough Council, FSB, one MLA and Antrim Borough Council all offered unqualified support.
75. The Quarry Products Association believed the proposal would complement the new aggregates levy relief scheme and create an even greater incentive for companies to implement environmental best practice. However it requested clarification on whether or not the relief would apply to process plants producing asphalt, concrete and other quarry products. RDC requested assurances that Government would monitor the scheme to ensure environmental improvement.
76. Lisburn City Council, NIMFG, CBI and the Northern Ireland Grain Trade Association suggested that the initiative should be extended to other business sectors that adopted similar good environmental practice.

Proposal: To retain freight transport relief at its current level for the time being.

Background

77. Occupiers of freight transport properties are entitled to 75% rate relief. The relief was introduced throughout the United Kingdom in 1929 (along with industrial derating) but was removed in Great Britain in 1963.
78. It applies to only 38 undertakings across Northern Ireland at an annual cost of under £2m, all of which falls entirely on the Regional Rate. Because it was established before United Kingdom accession to the EU, freight transport relief is not presently regarded as a State Aid that must be notified to the European Commission. However this position could change in the future, as there is an indication that the EU may review existing State Aids later this year.

Consultation responses

79. Ten responses all supporting the proposal were received from Barnett Silos Ltd, Coleraine Borough Council, FSB, one MLA, Lisburn City Council, NIMFG, Antrim Borough Council, RDC, Craigavon Borough Council and CBI. There were no opposing views expressed on this issue.
80. CBI and RDC highlighted the important role of transport to rural areas. CBI also highlighted the benefits to rural areas in terms of reducing the cost of essential animal feed and public transport. RDC suggested extending the relief to public transport providers, particularly community transport bodies, to improve overall viability and address access to services in other complementary ways.
81. Antrim and Craigavon Borough Councils welcomed it in light of industrial derating and the need to minimise costs to manufacturers. NIMFG also supported the proposal on the grounds that it would assist the manufacturing industry.
82. CBI welcomed the decision to retain freight transport relief until at least any consideration by the EU of how all existing State Aids should be treated. It believed that the Department would have a strong pre-

accession case to argue and hoped that it would provide robust support for the retention of this relief post 2006. Barnett Silos Ltd also strongly supported the relief now and through any future review of State Aid by the EU.

Proposal: To allow the rating system to be used in the future as a billing, collection and recovery mechanism for Business Improvement Districts (BIDs) or similar local regeneration initiatives.

Background

84. BIDs are not associated with rate relief (rather they involve a rate levy) but they are intended to help business regeneration. BIDs involve a partnership between local councils and local businesses intended to improve the business environment in a specified area. A number of pilot voluntary projects have already been established in England and Wales, in preparation for the introduction of statutory BIDs, now allowed under the Local Government Act 2003.
85. The policy proposal is to provide a mechanism in rating legislation to enable rates to be levied, billed, collected and recovered, along the lines of a scheme to be decided by the responsible Department, currently the Department for Social Development (DSD).

Consultation responses

86. Nine responses were received on the policy proposal. While there was general support, in principle for the scheme, there were some concerns about the adoption of a BIDs scheme based on a Great Britain model without knowing the results of the pilot projects in England and Wales. Sharing these concerns were Lisburn City Council, Moyle Enterprise Company, FSB, Banbridge District Council, Antrim Borough Council and Craigavon Borough Council. Banbridge District Council suggested considering the shortfalls identified in Great Britain to date and taking

action to address these prior to the introduction of legislation here. Moyle Enterprise Company also had general concerns about the development of BIDs, their implementation and how they would be monitored.

87. RDC was concerned that it was unlikely that community businesses would be able to support a BIDs approach despite the contribution they could make in areas where businesses were most likely to struggle. To address this, it suggested that relief could be targeted towards community businesses as a complementary part of the regeneration objective ascribed to BIDs.
88. One MLA had some concerns about the willingness of business ratepayers to contribute to an additional levy to fund the scheme. Lisburn City Council also shared this view. It suggested that the necessary legislation would have to be put in place to ensure that businesses participated. CBI gave a cautious welcome to the proposal but urged that projects should be genuinely additional to activities already being undertaken by local authorities.

Other issues

89. RDC expressed concern with the decision not to proceed with a rural rate relief scheme in line with the decision taken by the Northern Ireland Executive in 2002. It queried this decision based on the dispersed settlement argument and called for it to be re-evaluated.
90. Craigavon Borough Council was concerned that action was needed to 'arrest the decline in community services in rural areas and that other means of supporting the rural economy needed to be explored'.
91. Fermanagh District Council suggested that relief should be given for the part of any property providing post office services in a rural area.

92. The cost of funding the proposed reliefs was a major concern for Fermanagh District Council. It argued that urgent consideration should be given to the impact on local government finance and the possibility of councils being compensated for the loss of rate revenue arising from the proposed reliefs. Lisburn City Council was concerned that the cost of funding the reliefs should not be a burden on the domestic taxpayer.
93. In addition Lisburn City Council and CBI had concerns about the appeals process. Lisburn City Council urged that consideration should be given to simplifying the current process as it viewed this as expensive and inconvenient, particularly for small businesses. CBI was disappointed that the paper did not address two anomalies in the appeals process. The first area of disappointment was the failure of the Department to address the issue of 'change of circumstances', which it believed should be introduced in line with elsewhere in the United Kingdom. In addition it believed, on grounds of fairness that interest should be payable on refunded rates and that failure to do so was 'an additional unjustified burden on business'.
94. Finally, an individual artist proposed that artists should gain exemption from rates for both studio and exhibition space. This was on the basis that it would nurture the creative arts and lead to positive economic effects beyond the sector itself that would encourage the use of workspace that would otherwise lie vacant. It was suggested that individual artists and groups of artists, collectively using premises, should qualify for rate exemption (with or without charitable status). A third grouping, identified for possible rate exemption, was the individual artist who established an 'unincorporated association for broadly charitable purposes in the pursuit of artistic and creative endeavour'. It was suggested that generous incentives for artists were available elsewhere.

SECTION 3

The Government's response and next steps

95. The Government has considered carefully the views expressed during this consultation and found these to be both helpful and informative in terms of finalising policy for this important reform area. This section aims, where possible, to take account of the opinions that were expressed, address concerns raised and also rectify any policy misunderstandings. It also sets out the Government's way forward and next steps in terms of those policy measures being taken forward.

SUB-SECTION 3.1: Small business rate relief

96. The Government noted that there was general support for the introduction of small business rate relief but a difference of opinion on the timescale for reviewing the case for its introduction. On balance it is the Government's view that this is not the right time to introduce a scheme in Northern Ireland. The main reasons being that:

- Northern Ireland has a markedly different business size profile compared to England and Scotland, which would place a disproportionate burden on subsidising larger business (it is notable that Wales is not proceeding with a SBRR scheme);
- there were strong views opposing the scheme expressed by CBI and ERINI;
- it would add a further burden manufacturing firms and larger businesses in particular at a time when they are required to adjust to the phasing out of industrial derating from April 2005;
- an early study undertaken in Scotland concluded that the SBRR scheme introduced there was not fully effective (the relief was

considered too thinly spread, added a major complication to the rating system and take up was low); and

- proceeding with a review in one year's time is considered to be prudent as this will allow more time for the Great Britain schemes to bed down and hopefully provide a benchmark for a Northern Ireland review.

97. The Government therefore does not intend to introduce a scheme at this point in time. However, in recognition for the high level of support expressed during the consultation for a SBRR scheme and calls for early review of the case for its introduction, it has decided to continue to monitor further progress on the schemes in operation in Scotland since 2003 and in England since April 2005 and will reconsider the case in 2007 for introducing such a scheme in Northern Ireland.

SUBSECTION 3.2: Farm Diversification Relief Scheme

98. The Government notes that the overwhelming majority of respondents supported the proposal to introduce a farm diversification relief scheme and therefore it has decided to introduce this relief in Northern Ireland, along similar lines to that in Great Britain, but based on appropriate NAV levels here.

99. While it was always intended that the scheme would be targeted towards non-agricultural undertakings it is necessary, because of State Aid rules, to restrict it to those activities that fall outside the EU definition of agricultural activity.

100. It is proposed that the new scheme will be targeted at new small enterprises, subject to a £7,000 NAV ceiling, available to farmers themselves and their immediate families and available for a maximum period of three years. Relief will be 50% of full liability but, unlike the Great Britain schemes, it is not proposed to introduce a local authority

discretionary element in Northern Ireland at this time. This aspect of a scheme will be left to a local administration to decide, when the review of public administration has been implemented and new structures of local government have been established.

101. In response to RDC's point that there is a need for a definition of agricultural and non-agriculture enterprise, Article 3 of, and Schedules 1 and 11 to, the Rates Order (Northern Ireland) Order 1977 provide definitions of 'agricultural land', 'agricultural buildings' and 'livestock or poultry building' for the purposes of rating legislation. These definitions, in conjunction with that of the EU, are considered adequate for the application of the farm diversification relief scheme.
102. In response to concerns from one MLA and Fermanagh District Council that a relief scheme similar to England and Wales would be too restrictive, it is intended that the scheme would broadly bring Northern Ireland into line with Great Britain while ensuring that the needs of the Northern Ireland rural community are taken into account.
103. In response to CBI's request for clarity on the cost of the scheme, the Government estimates that the relief will cost approximately £5.4m. These figures were published in a separate initial Integrated Impact Assessment also issued in March 2005 at the same time as the policy paper and are based on evidence from Great Britain and estimates based on the Survey of Farmers and Farm Families conducted in 2001/2002¹.
104. In response to CBI's concern that the relief might have a negative impact on other non-domestic ratepayers over the medium to long term, the underlying assumption is that the proposed reliefs will be funded from the tax base either as revenue foregone or maintained from other

¹ Source: Initial Integrated Impact Assessment (IIA) into Rates Relief for Business in Northern Ireland, March 2005 – www.nics.gov.uk/ratingpolicy

ratepayers. However relief will be time limited and therefore it is expected that the medium to long-term overall cost would be minimised.

SUBSECTION 3.3: Relief for the equine sector

105. The consultation highlighted support for the Government's policy proposal to introduce relief for stud farms along similar lines to that available in Great Britain. The equine sector is working on a strategy for the development of this sector and this may result in proposals for amendments to rating policy. As such, Government has decided that it is preferable to await the outcome of this work before making any decision.

SUBSECTION 3.4: Rate Exemption for Automatic Telling Machines (ATMs) in Rural Areas

106. There was unanimous support for exempting ATMs in rural areas. Views were also expressed that this should apply to all ATMs rather than restricting relief to non-fee charging machines, as proposed. The Government has given further consideration to the detail of the proposal and is satisfied that granting exemption for all ATMs in rural areas, provided that each is shown as an individual entry in the Valuation List, still meets its overall policy objective (i.e. regardless of whether or not a fee is charged for a transaction).

SUBSECTION 3.5: Relief for quarry operators who undertake environmental improvement works

107. The Government acknowledges the general support for the proposal to provide relief to quarry operators who undertake environmental improvement works. It therefore intends to provide relief, through subordinate legislation, to this sector as part of an incentive to raise standards, reward compliance and align with Northern Ireland policy on aggregates levy. The proposal is for rate relief for specific structures.

108. The Government wishes to clarify the scope of the relief. A quarry works is a place, which is an excavation or system of excavations made for the purpose of the getting of minerals. In line with the aggregates policy, this relief will not extend to the production of other products such as asphalt or concrete.

SUBSECTION 3.6: Freight Transport relief

109. The Government believes that the case for removing freight transport relief on grounds of pure economic efficiency is strong. However now is not the time to add to the costs of industry in Northern Ireland,

particularly in view of the removal of industrial derating. The Government therefore proposes to retain freight transport relief for a further period.

110. The policy and legislation on the phasing out of industrial derating is due to be reviewed in April 2007 and the Government considers that this would also be an appropriate point for reviewing whether freight transport relief should be allowed to continue, subject to any intervention from the EU on the treatment of existing state aids in the interim.

SUBSECTION 3.7: Business Improvement Districts (BIDs)

111. While there was general support, in principle for the policy proposal, there were some concerns about the adoption of a BIDs scheme based on a Great Britain model without knowing the results of the pilot projects in England and Wales. There were also some concerns about the willingness of business ratepayers to contribute to an additional levy to fund the scheme.

112. BID schemes are not associated with rate relief (rather they involve a rate levy). The Department for Social Development (DSD) is currently the lead Department for the introduction of BIDs. However given the changes expected to arise from the Review of Public Administration (RPA) and the likelihood of a number of regeneration functions transferring to local government, the Government considers that it would not be appropriate to proceed with rating legislation on BIDs at this time, as it cannot be assumed that local government here would wish to adopt the model used in Great Britain. Instead it will await the outcome of the RPA.

SUBSECTION 3.8: State Aid

113. The Government set out its approach to state aid in the policy paper that issued for consultation in March 2005. In summary it proposed to apply 'de minimis' arrangements to those policy measures being introduced. In

general terms this allows relief of under €100,000 over a rolling 3-year period to be given without notification to the European Commission on a case-by-case basis.

114. Since then agricultural aid has been included in the 'de-minimis' aid arrangements. However the threshold is considerably lower than for other areas (currently €3,000 over a rolling 3 year period compared to €100,000² elsewhere) and this has necessitated modification of the farm diversification relief proposal to exclude business activities that fall within the EU definition of agriculture.

115. All reliefs will be 'capped' in terms of permissible 'de minimis' aid limits set by the EU and a power of recovery will be included in rating legislation as a safeguard in the event that those limits are exceeded.

SUBSECTION 3.9: Other Issues

Enterprise Zones

116. The Government has taken note of the case put forward to resurrect Enterprise Zones as a means of supporting Local Enterprise Agencies (LEAs), particularly those that have been affected adversely by the introduction of the unoccupied non-domestic property rate in 2004.

117. It is accepted that some mitigation is necessary because of the distinct circumstances in which these agencies are required to operate compared to private business, i.e. the provision of low cost accommodation for business start-up often in disadvantaged and high risk areas where the market does not supply suitable property.

118. However it is not considered that the use of Enterprise Zones is the answer. Instead an amendment will be made to the unoccupied non-domestic property regulations to extend the initial exclusion from rates

² The European Commission is proposing to raise the ceiling of the current "de-minimis" regulation from €100,000 to €150,000 which is likely to take effect in early 2007

period from 3 months to 1 year for LEAs. Such properties will also be excluded from the completion notice process.

Rate Exemption for Artists

119. Government has taken note of the case made that artists should gain exemption from rates for both studio and exhibition space.

120. Having examined this matter closely it has concluded that there is no material difference between the relevant rating legislation in Northern Ireland and that in Great Britain. This permits exemption to be awarded to 'not for profit' making groups associated with the arts. One distinction however is that in Great Britain this is awarded by local authorities on a discretionary basis and therefore there may be scope for differences in interpretation and application.

121. Research has revealed that there has been minimal uptake for rate exemption from groups of artists in Northern Ireland in recent times, and therefore the application of the existing legislation has not been tested to any degree. Given this the Government has decided that no further legislative change is appropriate at this time.

122. In terms of individual artists, research carried out indicates that exemption is not provided to such artists in Great Britain under rating legislation. The Government therefore does not consider there is inequality in treatment and does not intend to pursue this matter further.

Rural Rate Relief Scheme

123. The Government notes the concerns expressed regarding the decision to uphold the decision taken by the Northern Ireland Executive in 2002 to suspend the implementation of the Rural Rate Relief Scheme. Preliminary results of the EQIA and New TSN were unfavourable (with a high likelihood of adverse differential effects occurring at local level).

Furthermore these policies did little or nothing for rural shops. The Department of Finance and Personnel, in accordance with EQIA and New TSN guidelines, had to therefore consider alternative policies or programmes that might better achieve the promotion of equality of opportunity and the reduction of inequalities. The range of measures that have been put forward is intended to sustain the rural economy in different ways and arrest the decline in community services.

Funding reliefs

124. The Government has taken note of the issues raised by some respondents regarding the cost of funding reliefs and the potential impact this might have on the domestic and non-domestic ratepayers. The financial implications both in terms of the measures themselves and their impact on other ratepayers is a key consideration for Government in deciding what reliefs should be proposed and finally introduced. An initial Regulatory Impact Assessment was carried out on the Government's proposals and this was the subject of separate consultation in March 2005, simultaneous to the policy paper.

Appeals Process

Complexities over the current appeals system

125. This specific issue was outside the scope of the policy paper, which was primarily concerned with what reliefs should be provided to businesses. However it was considered in earlier consultations and the majority of non-domestic ratepayers who responded on the issue were content with the present appeals system.

126. The Government intends to introduce a new Valuation Tribunal Service from April 2007 to hear appeals on the new capital value assessments arising from reform of the domestic sector. This forum is intended to be more accessible to ratepayers and the Government has indicated that it

will consider, at a later stage, extending the remit to cover lower value business properties.

Anomalies in the current system where a 'change in circumstance' has occurred

127. A feature of the rating system in Northern Ireland is that economic and social changes affecting property value cannot be taken into account until the next revaluation has been carried out. The situation is different in Great Britain and results in a significantly more stable Valuation List in Northern Ireland than that which exists in Great Britain and is one reason why the appeal rate is low by comparison. A stable Valuation List facilitates better financial planning for ratepayers, local councils and central Government, as assessments could go up as well as down if economic and social factors have to be continually taken into consideration. It does, however, raise issues of fairness for ratepayers.

128. The Government has noted the concerns expressed but considers that the existing system works well and, providing that there are regular revaluations, ratepayers are not unduly disadvantaged. It proposes no change in this area at this time.

Payment of interest in non-domestic appeals

129. The Government has taken note of the concerns and will give this matter further consideration, particularly in light of the fact that interest is paid in Great Britain where such an appeal is successful.

Next Steps

130. New primary and subordinate legislation will now be drafted to give effect to these changes. The Government is keen to progress the primary legislation at the earliest opportunity and the estimated timescale for bringing this into operation is April 2007.

131. The amendment required to the unoccupied non-domestic property regulations to extend the initial exclusion period from rate liability from three months to one year for Local Enterprise Agencies will be done as soon as possible during 2006. Additionally the same timescale will be applied to the introduction of relief for quarry operators who undertake environmental works.

SECTION 4

Rate Reliefs for Business in Northern Ireland – Final Summary of Impact Assessments

What is impact assessment?

132. It is important, when bringing forward policy proposals on specific issues, that the opportunity is taken to stand back and ensure that emerging proposals do not have any unexpected or unacceptable impacts, or which conflict with other aspects of Government policy. To assist in this process studies, generally referred to as impact assessments, are performed on policy proposals as they are developed. These seek to identify for policy makers the expected impacts of emerging policy options on groups or individuals, e.g. people of differing community background, those living in disadvantaged areas, rural areas, etc.
133. The Office of the First Minister and the Deputy First Minister has developed an Integrated Impact Assessment (IIA) methodology for use by the various Northern Ireland departments. IIAs are designed to assess the potential impact of a policy change and help produce better policies. Where a policy is found to have a substantial adverse impact on any group or individual, consideration must be given to the scope for the policy to be adjusted to mitigate or lessen the impact before it is implemented. It is therefore important that such impact assessments are performed throughout the policy development stages in order to influence and shape the final outcomes.
134. The final IIA³ is published separately but should be read in conjunction with this Report. It combines the analysis produced for the initial IIA (published in March 2005) and the consultation responses in order to determine what mitigating measures, if any, are required. This summary is intended to provide a brief overview of the process and its outcome.

³ The IIA is available on the Review of Rating Policy website at www.nics.gov.uk/ratingpolicy

Initial assessment of impacts

135. The initial IIA was published on 16 March 2005 and it contained analysis on small business rate relief, farm diversification relief, equine sector/stud farm relief, freight transport relief, rate relief for environmental works at quarries and rural ATM exemption.

Consultation

137. It was subject to a 16-week consultation period ending on 8 July 2005. During that period 10 copies of the policy paper were distributed and there were 718 downloads of the initial IIA from the Rating Policy website. The consultation provided an opportunity for the public and stakeholder groups to verify or challenge the conclusions reached and submit evidence.

138. The consultation process generally supported the outcomes of the analysis produced in the initial IIA. There was no evidence produced of other adverse impact and no views were expressed that would lead the Government to significantly adjust the policy proposals or introduce mitigating measures.

139. New rate reliefs/exemptions are therefore proposed for:

- farm diversification;
- rural ATMs;
- environmental works associated with quarries.

140. At present it is not intended to introduce small business rate relief although the case will be reviewed from April 2007. Also, no change is proposed to the current Freight transport relief at present, however this position will also be reviewed in April 2007.

Farm diversification

141. The Government proposes to introduce farm diversification relief along the lines of that currently operating in Great Britain.

Impact summary

142. Estimates show that if 10% of all farmers diversified at the maximum level of NAV (£7,000), it would cost £5.4 million per annum in rate revenue foregone. However, it is important to note this measure is likely to encourage business start-ups that would not have otherwise occurred, so strictly speaking only a proportion of this will be lost revenue. Furthermore, after the 3-year period has elapsed surviving businesses will be liable to full business rates, thus partially offsetting initial losses.

143. Farm diversification relief will be available to all farms throughout Northern Ireland. Farms tend to be located in areas that are not among the most deprived or the least deprived parts of Northern Ireland. In overall terms, therefore, the policy is not targeted on disadvantaged areas but its impact is likely to be positive in terms of wider economic benefits, such as sustaining and developing rural economies throughout Northern Ireland.

144. In equality terms, this policy will be available to everyone within the farming community. Initial research showed that those aged over 60, males, and those who are married are likely to benefit the most.

Stud farms

145. The Government has decided to defer its decision on relief for stud farms until a strategy for the equine sector has been developed. It should be noted therefore that the following summary of impacts is based on the premise that relief for this sector would be introduced in the future.

Impact summary

146. This policy proposal should encourage the development of a very important growth area within Northern Ireland's rural economy.
147. As the exact number and size of stud farms is unknown, tentative estimates show that if the existing estimated 100 stud farms⁴ received the maximum amount of relief similar to that in England (which has a £3,500 NAV threshold), it would cost a maximum of £160,000 in revenue foregone. (The maximum cost for each additional stud farm to receive relief would be £1,600, should the actual number of stud farms in Northern Ireland to be higher than the estimated 100).
148. A publication by Lantra National Training Organisation⁵ suggested that 23% of the United Kingdom equine workforce is aged between 16 to 24 years and that 75% of employees are female, therefore any form of rate relief to the equine sector is likely to have a positive impact on these groups.

Rural ATMs

149. The Government will introduce rate exemption for any ATM in a rural area that is shown as an individual entry in the Valuation List, regardless of whether or not a fee is charged for a transaction.

Impact summary

150. Providing exemption for rural ATMs will introduce a modest but direct incentive, at low cost, to address a decline in access to this service in rural areas.
151. Initial analysis indicated that the cost of introducing this exemption to existing ATMs amounts to less than £100,000, though it is hoped that this measure will encourage more to be established in rural areas.

⁴ Approximate number of Northern Irish Stud Farms contained in 'The Irish Field 2005 Directory'

⁵ See website – www.lantra.co.uk/equine/

152. There is a greater concentration of ATMs in less deprived rural areas, compared to rural areas with high levels of deprivation. This suggests that rate relief for rural ATMs will not initially have positive New TSN impacts. However the policy is intended to encourage the spread of ATMS throughout all rural areas in Northern Ireland, including those that have high levels of deprivation, and therefore it could potentially have positive New TSN effects.

Relief for environmental friendly work at quarries

153. The Government will introduce rate relief for quarry operators that undertake environmental improvement works.

Impact summary

154. The valuation reductions for quarries could be of the order of £1,000 NAV to £5,500 NAV, leading to corresponding rate liability reductions of between £500 to £2,750 based on 100% rate liability (which assumes industrial derating is fully phased out).

155. There are 147 quarries in Northern Ireland, though it is not clear without further research how many of these would likely to be eligible for a reduction under such a scheme. The total cost of this rate relief is likely to be between £200,000 and £400,000.

156. Quarries are not concentrated in either the most or the least deprived areas of Northern Ireland. Rather, they are more evenly spread throughout all areas. Any benefit from the relief will therefore impact evenly on all areas, not just New TSN areas.

157. Evidence from the Quarterly Employment Survey (DETI) indicates that employment in the quarry industry is predominately male, therefore this group is likely to benefit most directly.

Monitoring of policy proposals

158. The Government is required to monitor the impact of the proposed changes, both generally and specifically in relation to Section 75 groups, areas of deprivation, rural areas and the business sector.

159. All the measures proposed will have a three-year time limit, with the possibility of further extension but only if agreed by a future Northern Ireland Assembly. As part of this process, a review of the effectiveness

of these policies will be undertaken in the final year, in addition to ongoing monitoring throughout the life of the reliefs. The outcome of these reviews will inform any decision as to whether the reliefs will be extended for a further period. As stated earlier, the case for introducing small business relief will be reviewed in April 2007.

LIST OF RESPONDENTS

A total of 29 written submissions were received in response to the consultation paper. The list of respondents is as follows:

Ms Eileen Lavery	Equality Commission
Mr D.J Douglas	Tesab Engineering Ltd
Mr Brendan Hegarty	Fermanagh District Council
Mr Robert Barnett	Barnett Silos Ltd
Mr David Bell	Coleraine Borough Council
Mr R.G Lewis	Moyle District Council
Mr Wilfred Mitchell	Federation of Small Businesses
Ms Teresa McManmon	Irish Pony Society
Mr Billy Armstrong	MLA
Mr Gordon Best	Quarry Products Association
Mr Quintin Oliver	on behalf of Rita Duffy (Artist)
Ms Melanie Humphrey	Mallusk Enterprise Park
Ms Susan Irwin	British Horse Society
Mr James Gillanders	Lisburn City Council
Mr Basil McCrea	NIMFG
Ms Georgia Stubbingon	Irish Thoroughbred Breeders Association
Mr Liam Hannaway	Banbridge District Council
Mr Victor Hewitt	ERINI
Ms Kim Smyth	Antrim Borough Council
Mr David Kirkpatrick	Northern Ireland Horse Board Co-operative Society Ltd
Ms Yvonne Clydesdale	Banbridge District Enterprise
Mr Nick Mack	Rural Development Council
	Enterprise NI
Mr Mark McGerty	Moyle Enterprise Co.
Mr Ken Nelson	Larne Enterprise Development Company Ltd
Ms Nicola Wilson	Craigavon Borough Council
Ms Joan McCaffrey	Omagh District Council
Ms Doris Leeman	Northern Ireland Grain Traders Association
Ms Mavis Black	CBI

**CURRENT NORTHERN IRELAND LEGISLATION ON NON-DOMESTIC
RELIEF AND EXEMPTIONS**

ARTICLE	DESCRIPTION
31	Reduction of Rates on Certain Hereditaments used for Recreation Provides for an allowance of 80% where the property is used for the purposes of a prescribed recreation by an organisation not established or conducted for profit and that does not employ professionals
31B	Rate Rebates for Certain Hereditaments used by Institutions for the Disabled Allows for a rebate from rates on property where that property meets certain criteria in respect of disabled persons
31C	General Stores, etc, in Rural Settlements Defines in Schedule 9A a scheme to provide mandatory and/or discretionary relief from rates for general stores, post offices and other businesses that are of benefit to the community in rural settlements
33A	Transitional Rate Relief Provision that allows for the introduction of a rate relief scheme to mitigate the effects of the implementation of a new Valuation List subsequent to a General Revaluation
33B	Hardship Rate Relief Provision that allows for the introduction of a Hardship Relief scheme by Regulations
41	Distinguishment in the Valuation List of Hereditaments Used for Public, Charitable or Certain Other Purposes Provides for full or partial relief from rates for organisations not established or conducted for profit where their property is used for public, charitable or certain other purposes e.g. church property occupied by full time clergy, community halls
42(1A)	Distinguishment in the Valuation List of Certain Other Hereditaments Exempted from Rates Provides for full or partial exemption of hereditaments situated fully or partially inside an Enterprise Zone
43	Distinguishment in the Valuation List of Industrial Hereditaments and Freight Transport Hereditaments Allows for exemption for Industrial and for Freight Transport Hereditaments

