

CASTLEREAGH BOROUGH COUNCIL'S RESPONSE TO THE  
2007 EXECUTIVE REVIEW OF DOMESTIC RATING SYSTEM

BACKGROUND (1-2)

The Council understands the need for a review of the present rating system, which was introduced during the suspension of the Assembly in October 2002. The changes included moving away from rental value to sale value of a property. It was said that this would be a fairer way to raise revenue but it introduced winners and losers. The Labour Party policy of the redistribution of wealth suggests that the well off pay for the less well off in our society - a laudable principle. However the rise in property values left many of the province's ratepayers in a position of being asset rich and income poor. This being one very good reason for the need of a review and something the Council will address later on.

AIM OF THE REVIEW (3)

The Council understands the need for the review to re-examine the policy adopted by direct rule ministers. It has been suggested that the policy adopted by the then Minister was done to provoke a backlash and force the political parties to support the need for a Regional Government. However the Council is concerned that the need to address the problems in the short term may lead to hastily put together decisions that will become long-term policy.

(4)

No one could disagree in general with the bullet points. However clarification is sought in relation to bullet point 3 - does this mean regional or local accountability?

POLICY (6)

The Council notes Item 6 and understands that, if a cap is introduced, the shortfall in income will have to be met by other payers.

(7)

Here there are a number of interesting statements. The deferment of payment for pensioners is one that strikes horror in the minds of those who have, all through life, struggled to pay their way and stay clear of debt but now find that in death they will leave behind a debt to be paid from any asset they leave. The very suggestion of an accumulating debt is an added worry to the elderly.

The fear of debt in old age, brought about by no fault of their own, has led many to question why they ever bothered to try and buy their own property in the first place and herein lies a challenge to society and to the present system of government for, if citizens find no

incentive in pushing ahead and working all their lives only to realise that those who never bothered get the same benefits without putting in the effort, why bother!

When this proposal was put by the direct rule minister, he also suggested that the elderly, usually a lone pensioner, should sell up the family home and move down market to a property he/she could afford. The suggestion was greeted by gasps of amazement. This is one the Council does not believe will be accepted by the general public.

The placing of a cap and the introduction of a minimum payment simply squeezes the gap. The Council considers that, when caps and discounts are introduced, these generally benefit the very wealthy and/or the very poor and householders in the middle categories are left to cover the shortfall.

The Council considers that any review of the rating system should extend to the horticultural industry a similar level of rate discount as applies to agriculture

In view of recent fluctuations in the housing market, the Council would welcome the introduction of safeguards in the rating system to protect ratepayers from having their homes overvalued during a rising housing market that may be followed by a slump in house prices.

(8)

Noted

(9)

This is a contentious issue for it has been argued that the general public already pay water and sewerage tax in their rates bills. It would appear to the Council that the argument has been lost on this issue and, no matter what reasons are put, the Assembly needs the revenue and ratepayers will be forced against their will to pay the cost. The Council views this as privatisation by the back door and much needed improvements to a clearly under invested statutory requirement will be funded by ratepayers. The Council considers that it is intrinsically unfair that water bills should be based on house value rather than on water usage. It notes that pensioners are to be provided with free water meters and takes the view that everyone else should be allowed to purchase a water meter. The Council however acknowledges the difficulties in terms of costs, administration and timescales in installing meters for all customers.

LEGISLATION (10)

From this point on, the document simply states that which the ratepayers already know. The Assembly does not have tax raising powers and the only way the regional government can raise additional funds is through the regional rate, leaving aside the contentious issue of water and sewerage charges. The rest is simply tinkering with the system, giving consideration to the elderly, infirm, students and those on benefits, etc. and, if the case is made for exemptions or reductions, others will have to meet the shortfall. The Assembly will have to decide to whom these exemptions or reductions apply. The Council is

sure that there will be a heated debate in the Assembly on the issues and assumes some members will call for the maximum benefits to those identified as needy. If that is true, then the case for constraints to rate rises is lost. The impact that that will have on local government could see a reduction on local services like community centres, swimming pools and recreation facilities as Councils struggle to keep the rate burden to a level that ratepayers can afford and are willing to pay.

(11)

No 11 mentions consideration of a local income tax. This kind of tax reminds one of the poll tax proposed by Prime Minister Margaret Thatcher and the damage it did to her political career. The Council assumes that the Assembly will not follow that course of action. There are other types of income generation like local sales tax, bed tax for hotels and boarding houses but all of these have drawbacks and difficulties with administration. The Council realises that the Assembly will not have the power to introduce a local income tax and feels that Westminster will not concede to a reduction in corporation tax to keep Northern Ireland competitive with the Republic of Ireland in the province's efforts to attract inward investment.

#### CONCLUSION

The Council notes that it is not intended to mount a major public consultation process on the rating system. The Council welcomes the fact that ratepayers are being given the opportunity to comment on the proposals and the openness of the discussions. It also understands that income was lost last year due to unpalatable decisions having to be deferred prior to or immediately following an election and that income generating policies must now be introduced to meet the shortfall.

The Council would caution against off loading costs unto local ratepayers for it could have a backlash against the working of the Assembly. The electorate, who have sought the establishment of a Regional Assembly, expect to see major improvements to their quality of life but they are expecting efficiencies in administration to pay for those improvements, not additionally higher rate charges. The Council would recommend that efficiencies should be sought right across the services delivered by the public purse and should include health, education, security and road services. The Council also recommends that efficiencies across the services should include a review and possible elimination of quangos.

The Council would also have concerns under the Review of Public Administration that local authorities would be given more powers and responsibilities but without the appropriate budgets. Councils would welcome additional powers but fear that either funding would not be transferred with the responsibilities or that funding would be forthcoming in the interim period but would be withdrawn over a period of time leaving, once again, the ratepayer with the financial burden. It should be noted that Councils across Northern Ireland are coming under increasing pressure to support activities previously funded by European Peace Monies and other financial initiatives under Objective One status, which has now come to an end.

