

Rating Policy Division
Department of Finance and Personnel
Room D12
Rathgael House
Balloo Road
Bangor
BT19 7NA

11 July 2003

REVIEW OF RATING POLICY: THE RATING OF VACANT PROPERTY AND THE REMOVAL OF INDUSTRIAL DERATING

Many thanks for sending CAJ the above document which we read with great interest. CAJ very much welcomes the opportunity to comment on issues related to reform of this area, which we consider to be very timely, and of crucial importance. Clearly, the system which currently exists in Northern Ireland is outdated, unfair, and in need of urgent overhaul. CAJ, while welcoming reform of the existing system, is concerned to ensure that reform is linked fully to TSN and equality objectives.

In this context we would like to reiterate the point that we put forward during the initial consultation on rating policy in Northern Ireland last summer – namely the need to approach the issue of local revenue in a holistic manner. CAJ is of the view that it is imperative that the aggregate effect of a number of consultations currently taking place is considered, in order to determine the overall impact of proposed changes across the Section 75 groups and on those most in need. We are concerned for example that the charges facing domestic consumers needs to be considered in light of proposals to introduce charging for water.

Moreover, all such charges need to be considered in light of existing levels of household expenditure (including the cost of living) and existing levels of poverty and need in Northern Ireland. Organisations such as the Northern Ireland Anti-Poverty Network, and the General Consumer Council have produced a range of statistics highlighting the greater levels of poverty and need in Northern Ireland as opposed to the rest of the UK.

We are therefore still somewhat surprised that the current approach is to separate the reforms outlined in the current paper pertaining to vacant property and industrial derating from the proposed reform of domestic rating. Indeed the document states that a further paper will follow in the middle of the year which will focus on radical reform of the domestic rating system. It would have been preferable in our view to at the very least link all rating reform in one document so that the overall impact of the proposed changes could be examined in a more holistic manner. We do however welcome the fact that the issue of taxation of vacant domestic property should be considered as part of the further work on the new Domestic Property Tax and that no changes should be made except as part of the change to that system.

We would very much like to commend the Department for the work that has been carried out to date regarding this consultation. It is clear that the Department has conducted quite a detailed and thorough analysis of the range of submissions received during the course of the previous consultation surrounding rating policy. We also very much welcome the linking of equality and TSN impacts in the paper, something which in our view, all public bodies conducting analyses should be trying to achieve.

We also very much welcome the broad thrust of the paper, and agree with the Department that there are sound equality and TSN reasons for much of what is currently being proposed in the paper. Our concerns lie more in the detailed outworkings of the main proposals, rather than with the proposals themselves. CAJ, in our previous submission for example, argued very much in favour of the removal of industrial derating and we very much welcome the decision to pursue that option. The approach adopted by the paper however does seem in our view to take an extremely cautious approach to implementing these proposals. While fully accepting the need for industry to remain competitive, and the desirability of having a phased approach, in our view the current proposals in which industry will not be paying full rates until 2011 should be reconsidered.

CAJ fully recognises that there are a wide range of views relating to this issue. Indeed we note that the Department originally proposed 5 years, the Committee on Finance and Personnel 6 years, and the Committee for Enterprise Trade and Investment 3 years. The revised proposals clearly need to be considered in light of the need for business to remain competitive and the wider economic environment in which business operates. Equally however, the proposals need to be considered in light of revenue lost to Government, and the likely impact this will have on other charges. Our concern being that with industry not paying full levels until 2011, the extra burden may fall on domestic ratepayers either via rates, or water charges for example. It is worth noting that the Water Reform consultation paper seemed to suggest that domestic water charges could be introduced in the very near future – clearly, there is a need for any proposed timeframes regarding these

matters to be considered together. In our view this would have been one of the advantages of examining all these proposed reforms in the one document so that the various impacts could be considered on an aggregate basis. We do believe that a situation in which industrial charges are delayed, with a possible knock-on effect for domestic ratepayers should not be allowed to occur.

Equally, in relation to the issue of taxing vacant non-domestic property, we also support the broad thrust of the proposals. On the basis of the information provided we are unable to reach a conclusion on the detailed implementation of this proposal however we believe that some very interesting options are suggested. In particular we would welcome more detailed analysis as to the possible impact of allowing District Councils the discretion to raise additional revenue from vacant property in their own district council areas (perhaps on a ward by ward basis) as a supplementary source of revenue to spend on local priorities. We do however consider that exemptions in relation to rating non-domestic property should be as few as possible – in particular we are not persuaded that warehousing should be covered for example. In relation to manufacturing, we do not believe that a blanket exemption is appropriate, however we accept that there may be an argument for ‘factory-type’ premises being excluded. Again, we would welcome more details in relation to this matter. We also note positively that the it is proposed to introduce the rating of vacant properties on the non-domestic sector as soon as possible.

I hope you find these comments useful, and we look forward to commenting on these matters in more detail in the future.

Tim Cunningham
Equality Project Worker