

Consultation on the rates review 2007

The Ulster Farmers Union is disappointed with the level of consultation in relation to the above paper. The UFU were inadvertently informed of this consultation process, and had received no notification from DFP that the review was taking place. As such we have had little time to adequately produce our response.

The Ulster Farmers' Union represents 13,000 farm families, and has responded to past consultations on the reform of the rating system in NI. As farm families accommodate the vast majority of homes with attached planning restrictions, it is pertinent that we respond to the review of the current rating system.

The Ulster Farmers' Union was totally opposed to the proposals contained within past consultation papers, as the proposals were not based on fairness, and represented ideas that had already fallen out of favour within GB. The new valuations, which are based on capital values that were introduced in April 2007, highlight the rating system's unfairness. Any system, that is based on property values is inherently unfair, as it totally disregards a person's ability to pay.

If Government wants to continue the rating system then they must strip out all costs not associated with the fundamental housing support of bins, lighting etc. Other costs must be funded off a wider tax base or on a charge as used system.

The proposals when measured against the rural sector are even more inequitable as these homeowners are less well-served by the current rated services and in many cases cannot move from larger to smaller houses to ease the rates cost.

The UFU believe that rural dwellers have been severely disadvantaged due to the new rating system. With the introduction of Planning Policy Statement 14, and the lack of affordable housing in rural areas, many people now fear the next property revaluation exercise, as even small cottages on rural sites are now worth a considerable amount, and would be rated accordingly.

OPTIONS FOR CHANGE IN APRIL 2008

Enhanced discounts for farmers

If the means by calculating rates is to remain based on the capital value of the dwelling, (which the UFU remains opposed to) then the Executive must change the current means of calculating the capital value of farm houses, and dwellings with occupancy planning restrictions. Farming currently constitutes approximate 10% of the Northern Ireland economy and sustainable industry is an important factor of the overall economy especially rural development. As profitability in farming/ agriculture declines and the government aims to sustain the rural economy with farmers as custodians of the countryside it is now more important than ever that the rate burden for agriculture is now further reduced.

A farm dwelling tends to be situated in close proximity to agricultural outbuildings and yards, which detracts from the capital value. For the well being of livestock and produce it is essential that farmers **reside on their lands**, unlike other careers that afford people with exceptionally more choice of where to locate, should their current area/ dwelling attract a rate bill beyond the inhabitants means.

The vast majority of farm houses are located in areas with poor access to public services and with no mains sewage, street lighting and limited public transport.

The Capital Taxes Offices view is that the agricultural value of a farm house is around 2/3 of the open market value of the property. The current valuations that are being used and documented for recent past sales of farm houses may not reflect the true capital value because of the effect of the value of the working farm land surrounding it, and as such distort farm house valuations.

When valuing a farm house consideration must be taken on the location of the farm house in relation to farm buildings, the need for the farmer to remain on site for animal welfare issues, the access to the farm i.e. long lanes and other viable factors impacting upon the value of the farm house and the geographic area in which the farm lies, i.e. it would be totally inappropriate to compare the value of a 2 storied house in a desirable area, with a 2 storied farm house in the same area.

Farming and landownership are both long term activities in which businesses have traditionally been passed down through the generations, such farm houses are unique in the sense that the houses are tied to the job and located on site and as such it is virtually impossible for a farmer to move and sell the dwelling on the farm or to buy a smaller dwelling within the same location.

Farm dwellings with occupancy restrictions

The UFU believe that it is totally unfair that occupancy planning restrictions, are not taken into account when calculating the capital value of a property

Domestic Farm dwellings which have an “agricultural tie” placed upon them are in turn valued at half the capital value, which the dwelling would be valued at, if the “agricultural tie” was lifted. (The majority of dwellings that have this agricultural restriction placed on them, considerably reducing their value, are retirement dwellings).

Therefore it is only right that dwellings which have such a restriction placed upon them, should in accordance, have a reduction in the rate bill i.e. halved.

The UFU is aware of a decision reached by the Scottish Courts – were an assessor carried out a valuation of a dwelling with an agricultural tied planning restriction, and placed it in Band G for the purposes of council tax. The tax payer appealed against the decision and the court then took the view that in consequence of the restriction attached to the planning permission it should be placed in Band F. *To summarise the above the Scottish court ruled that planning restrictions should be taken into account, and the house received a lower rating.*

Rating of Vacant Domestic Property

The UFU has genuine concerns that the possible introduction of rates on such properties would have an adverse impact on genuine vacant domestic property owners in the form of older dwellings on ‘out farms’ in particular. If this is a measure to discourage ‘speculation’ on domestic property purchases then it is too broad based in its scope and needs to be targeted more specifically.

Scheme for Home-Owning Pensioners to Defer Rates Payments

While recognising the motivation behind this possible measure, the Union has reservations about the consequential effects which this would have on the recoupment of outstanding rates payments from an ‘estate’ upon death.

Appeal Procedure

The UFU urge the executive to ensure there is a more efficient, and effective appeals procedure in place when challenging capital values. The UFU is aware of individuals who appealed their capital value, almost 2 years ago, and are still awaiting feedback from **the VLA**. Such a service is inappropriate, and does not build confidence in the process.

Strand 2 –Longer term options

As the UFU were only inadvertently made aware of this review a few days before the closing date for submissions, we have not had the opportunity to discuss these wider pertinent issues with our relevant committees.

The UFU however would be opposed to any form of **land value taxation**.

This review of rating policy is a very major issue which needs proper consideration and discussion. It is against this background that we would suggest that a meeting of Government and key industry stakeholders/consultation respondents should be held soon to fully examine this issue further.

I trust DFP will take our comments into consideration when re-examine measures which require change prior to April 2008

Please do not hesitate to get in contact, should you require clarification on any of the issues raised.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kenneth Sharkey', written in a cursive style.

Kenneth Sharkey