



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

Rates (Amendment) Bill

9 September 2009

NORTHERN IRELAND ASSEMBLY

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FINANCE AND PERSONNEL

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)
Mr Peter Weir (Deputy Chairperson)
Dr Stephen Farry
Mr Fra McCann
Mr Mitchel McLaughlin
Mr David McNarry
Mr Declan O'Loan
Ms Dawn Purvis

Witnesses:

Mr Sammy Wilson) Minister of Finance and Personnel

Ms Veronica Holland)
Ms Alison McCaffrey) Department of Finance and Personnel
Mr Brian McClure)

The Chairperson (Ms J McCann):

I welcome Mr Brian McClure, Ms Veronica Holland and Ms Alison McCaffrey from the Department of Finance and Personnel, who are here to brief the Committee on the draft rates (amendment) Bill. Following the briefing I will open the session to questions from members.

Mr Brian McClure (Department of Finance and Personnel):

Thank you, Chairperson. I congratulate you on your appointment, and look forward to continuing what I hope is a productive working relationship. I thank you for the opportunity to brief members on the draft rates (amendment) Bill prior to its First Stage in the Assembly next Monday.

Members will be aware that the Minister of Finance and Personnel wishes to progress the draft Bill by accelerated passage. I will let him talk about that; meanwhile, I will talk you through the various provisions of the Bill. Before I do so, however, I will raise two issues. The first is the rating of empty homes, which Mr O'Loan has raised before, and the second is non-domestic revaluation, to which the paper provided to the Committee refers.

The rating of empty homes is scheduled to be introduced next April. The Committee was previously advised that the timing of that scheme would be kept under review. The Department of Finance and Personnel's (DFP) assessment is that although there are some positive signs in the housing market, it remains in the doldrums and is some way from any sort of sustained recovery. That, combined with the continuing economic downturn — which is the case despite some reports in today's papers — brings into question the timing of the introduction of the rating of empty homes.

The measure will raise much-needed revenue, but we are mindful of the impact that it could

have on ratepayers and the housing market. Prior to making final decisions about its scheduled introduction in April 2010, the Minister will be grateful for the Committee's views on the matter. Minister Wilson's predecessor Nigel Dodds made it clear that he would keep it under review, so we will be happy to take the Committee's views into account before the Minister makes his decision.

The briefing paper that was provided to members indicated that a presentation would be given on non-domestic revaluation, but that is not possible today, given all the other business that is scheduled. In brief, work to provide data gathering, analysis and evaluation remains on target. The preliminary figures that we had hoped to brief the Committee on will not be ready for a couple of weeks, but everything is on target, and we hope to be able to update members shortly.

We will look at a number of issues, one of which is the need for a transition scheme that will require us to examine the impact on both ratepayers and local government. In the coming weeks, we will be happy to brief the Committee on the important issues of the impact of the non-domestic revaluation on business ratepayers by sector and location; the need for transition arising from that impact; and the impact of the changes on local government.

I will move to the key clauses in the draft Bill. Would you prefer me to go through the draft Bill in its entirety and take questions afterwards?

The Chairperson:

Yes.

Mr McClure:

There is nothing in the draft Bill that will come as a surprise to members of the Committee, given the previous briefing sessions that took place in 2007, 2008 and earlier this year. I reassure members that in respect of schemes resulting from delegated or enabling powers in the draft Bill, the Department will provide the Committee with a detailed policy briefing on those schemes prior

to bringing forward either the formal SL1 or the associated regulations. Therefore, there will be a further opportunity to go into the detail of those policies over the next few months.

Clause 1 provides for a small-business rates-relief scheme to be introduced and will allow for a reduction in rates for certain properties, including small post offices, for which there is a particular enhancement. The Department wants the policy to emulate the main features of the Welsh scheme. However, that detail will be set out in regulations, as will the level of the reduction, the years to which it applies and the various rateable-value limits, for which the Department hopes to adopt equivalent levels. The Department believes that the scheme will assist more than 16,000 smaller businesses at a cost of between £8 million and £9 million forgone revenue.

Clause 2 relates to the so-called “green rebates”. That is the rebate scheme for zero-carbon or low-carbon homes. Clause 2 will enable full rates relief to be provided to first occupiers of new zero-carbon or low-carbon homes for up to five years and two years respectively. The application end date for the scheme will be limited to 31 March 2016 and 2013 respectively. The draft Bill contains the power to alter those end dates through subordinate legislation; define the qualifying criteria; provide for how the relief will be claimed and the associated processes for doing so; define circumstances in which the relief can be withdrawn, which is mostly an anti-fraud issue; and provide for appeals.

A second element to the green rebates is the energy-efficiency homes scheme that is dealt with in clause 3, which provides for a one-off reduction in rates for owner-occupiers who install loft and cavity wall insulation and who bring their houses up to the required modern standards. That rates reduction will be restricted to one year and the scheme time limited to 31 March 2015. As with clause 2, the draft Bill includes the power to extend those limits and to allow for a second phase, if it were decided that the scheme should be enlarged as a result of changed circumstances. The power to extend the scheme applies to both the qualifying works and the sectors to which the scheme would apply. Various administrative and operational functions are also provided for and, as with clause 2, clause 3 contains appeal provisions.

Clause 4 attends to a shortcoming or deficiency in present legislation in relation to industrial derating. The Rates (Amendment) (Northern Ireland) Order 2006 states that from April 2011, industrial derating will end completely. Therefore, to ensure that industrial derating will continue to be held at 30%, the primary legislation must be changed. Prior to that happening, the Department has adopted a holding strategy of using subordinate legislation; however, the provision in clause 4 is included because it is time to change the primary legislation.

Clause 5 deals with the rates-deferment scheme for owner-occupier pensioners and allows the Department to enter into a deferment agreement with an owner-occupier of pensionable age — we intend to track national pension age — as well as their spouse, partner or surviving partner. The Rates (Amendment) (Northern Ireland) Order 2006 contains the power to do that; the rates (amendment) Bill simply updates that power. Regulations will set out the terms of the deferment agreement, allow for a charge to be placed on the property, and make provisions for the recovery of the debt, the payment of interest and the termination of the deferral.

Clauses 6, 7 and 14 deal with the rating of empty homes, which is an issue that I have referred to. As with deferment, enabling powers to deal with that matter are contained in existing legislation; these clauses simply update that.

Clause 6 enables the scope of vacant rating to be extended to domestic properties by way of primary, rather than subordinate, legislation and for liability to be set at 100%. That is necessary because the existing provisions allow only for a figure of less than 100%.

Clause 7 provides for anti-avoidance measures. Our policy is to see how the system operates as and when it is introduced. If anti-avoidance measures are needed, the legislation contains the enabling powers to establish those.

Clause 14 extends the current completion-notice process to domestic properties. That relates

to new properties that builders may hold off finishing to avoid paying rates. That scheme is similar to those used for council tax in GB and for the non-domestic rating system.

There are certain revaluation measures in the draft Bill. Clause 8 deals with provisions in the Rates (Amendment) (Northern Ireland) Order 2006 that relate to the former public utilities, such as electricity, the docks, and so on. Those will no longer be valued by methods set out in subordinate legislation. Previously, the valuations were set out in legislation; we are now going to treat them in the same way as any other rateable property and value them as a business. We do not expect that to have any significant impact on the rate liability of the various former public utilities, and the measure harmonises with practice in GB since 2005.

Clauses 9 to 11 deal with data-sharing powers. Clause 9 enables the Department for Social Development to share social security information with DFP and the Housing Executive for certain purposes, including improving the take-up of certain reliefs and allowances. The measure is intended to ensure that as many people as possible receive the benefits to which they are entitled. Clause 10 creates a new offence to deal with the unauthorised disclosure of that information. That aligns with policies elsewhere and has been cleared with the Northern Ireland Office.

Clause 11 extends references to social security legislation to enable the Department for Social Development to share information with DFP for the purposes of its functions relating to administering housing benefit. All the data-sharing measures are in the draft Bill to improve take-up and to make it easier to claim rates relief and housing benefit.

Those are the main provisions in the draft Bill. I will now turn to some of the minor provisions. Clause 12 deals with the alteration of the landlord allowance and provides the power to change the level of allowance awarded to landlords that exists in article 21 of the Rates (Amendment) (Northern Ireland) Order 2006. That is necessary because it includes an allowance for vacant property and, with the introduction of the rating of empty homes, there will be a need to review that matter.

Clause 13 is a measure to amend the list of housing associations in the social-rented sector that are subject to standardised rates. Currently, that has to be taken through by affirmative resolution. We are seeking to change that because changes occur in the 40 or so housing associations that exist: some amalgamate; others go out of business, etc. The enabling legislation will avoid the need to have affirmative resolution regulations made every year.

Clause 15, which has been of particular interest to the Committee, provides for compensation payments to be made to district councils affected by the reduction in the maximum capital value from £500,000 to £400,000. It will apply for this and the next rating year at 100% and 50% respectively.

Unless members so wish, I will not cover the remaining clauses in the draft Bill or the schedules, which simply deal with minor, consequential and technical amendments, repeals and commencements of the draft Bill's provisions. I assure members that there is nothing hidden in those that would cause us any discomfort; they are all simply consequential amendments.

Given that there has been extensive consultation on the policy detail for the key measures, we do not intend to consult on the draft Bill. As members will be aware, a thorough consultation was undertaken in 2007 as part of the Executive's review. That was followed by a series of consultations on the detail of the main measures contained in the draft Bill, such as the green rebates, the rates-deferment scheme, the rating of empty homes, data sharing and the maximum capital value. There are consultation papers and integrated impact assessments associated with each of those measures.

The process included liaison with a wide range of stakeholders and representative bodies. Targeted consultation was also undertaken on the impact of one of the new measures in the draft Bill — the small-business rates-relief scheme — and the response to that was positive.

I invite questions from members.

The Chairperson:

You said that there was widespread consultation on the draft Bill. Are you content with the extent of the consultation on the draft Bill that took place between the stakeholders and the Department?

Mr McClure:

I am content with the measures that were taken, the details of which were set out in a series of consultation papers. The consultation was thorough. All responses to those consultation papers are published on our website for all to see, and changes were made to the policies as a consequence of those consultations. I am happy that there was meaningful and thorough engagement.

The Chairperson:

You have agreed to come back to the Committee and go through the draft Bill clause by clause. Will that affect the timetable for accelerated passage, if that is granted?

Mr McClure:

It will not affect the timetable for the primary Bill; it will mean that we will engage thoroughly with the Committee on the detail of the subordinate regulations. However, we would do that in any case. Most of the provisions in the draft Bill are enabling powers; therefore, the Committee will have a further opportunity to delve into the detail of the policies and regulations that are set out.

Mr Weir:

Thank you for your comprehensive run-through of the draft Bill. I appreciate what you said about most of the provisions in it being enabling powers and that some of the detail of the regulations will be fleshed out. I have a couple of questions, but some may not be appropriate

because they relate to the regulation side of the draft Bill.

Most of the provisions for the various relief measures that are intended in the draft Bill and the extension of the rating of empty properties are in the form of enabling powers. Can you confirm that it is intended that those enabling powers will allow regulations to be introduced so that they will impact on the rates in April 2010?

Mr McClure:

Yes, it is our desire to get the primary legislation and the associated regulations through so that small-business rates relief, the green rebate and the various other provisions are in place by 2010, with the possible exception of the rating of empty homes, which, as I indicated at the start of the session, we would welcome the Committee's views on.

Mr Weir:

I appreciate that detailed estimates will come with the regulations. You reckon that the small-business rates-relief scheme will involve a cost of between £8 million and £9 million. Clauses 2 and 3 of the draft Bill might be described as the green side of the Bill, whereas the deferment of rates, arguably, relates more to cash flow. The rates-deferment scheme will have an anticipated degree of impact on the initial amount that is taken, because it will backload a certain amount of payment. Is it too early to estimate the revenue implications of those schemes?

Mr McClure:

Taken collectively, the revenue implications of the schemes — which include small-business rates relief, green rebates, deferment, and so on — will be around £20 million.

Ms Veronica Holland (Department of Finance and Personnel):

The estimated cost of the small-business rates relief scheme is between £8 million and £9 million, and the cost of the green rebates is approximately £1.5 million.

Mr McClure:

Did I not see a figure of £20 million?

Ms Holland:

I estimate that it is around £10 million.

Mr McClure:

Forgive me; I am loaded with the cold. It is around £10 million or £11 million.

Mr Weir:

I appreciate that it is an odd area because the deferment of rates will mean that there is less revenue in the first few years, however, it will start more flow.

Ms Holland:

It will pay for itself over time.

Mr Weir:

I must declare an interest as a member of North Down Borough Council. What will be the impact of reduced take as a result of the deferment in the first year?

Mr McClure:

This is a new, novel and quite radical policy. However, looking at international experience, we think that about 2,000 people will avail themselves of the scheme.

Mr Weir:

On average, what will that amount to in reduced revenue?

Mr McClure:

An average rate bill is about £700 or £800.

Mr Weir:

Will it be about £1.5 million?

Mr McClure:

Yes.

Mr Weir:

I appreciate that that side of the matter is speculative in nature, and I also appreciate that it is a cash-flow issue.

Mr McClure:

I want to come back to the Committee with a figure for that and for the costs that are associated with the deferment scheme. It is a highly complex policy.

Mr Weir:

I also appreciate that the separate issue of empty properties could bring in additional revenue depending on what decisions are taken. Given that there will be increased reliefs and less take, what consideration has been given to the impact of that on local government and local rates?

Mr McClure:

Most of the schemes will be funded by forgoing regional rates. Neither small-business rate relief nor green rebates will impact on the take of local government. The only measure that will impact on local government — and it is not a feature of the draft Bill — is the reduction in the cap and,

as you know, there a couple of separate provisions for that.

In answer to your question, nothing in the draft Bill will directly affect local rates. There will, however, be some increase in the cost of collection, because the schemes have to be administered, and councils must pay their share of that. That is an indirect additional cost that is associated with it.

Mr Weir

Is there a ballpark figure for the cost of collection, or is it too early to say?

Ms Holland:

We have not yet looked at that.

Mr McClure:

We will come back to the Committee on that issue.

Given what I just said about deferment, adding in the additional administrative set-up costs that are associated with the other reliefs will be a simple job.

The Chairperson:

I will ask members to ask questions two at a time now because I am very conscious that we have a packed agenda and we need to get through it more quickly.

Mr O'Loan:

I will try to be brisk as I can. I do not have any concerns; I think that the broad sweep of the Bill is very good.

I am glad that you, Brian, flagged up at the outset the issue of when to introduce the rating of empty domestic properties. I agree with the statements that you made that now is not the time to do that and that we cannot anticipate or predict when will be a good time. It is the last thing that developers, big or small, need at present.

Mr McClure:

I am not saying that the Department has made a decision; rather, I am saying that I am very interested to hear what the Committee has to say about those issues.

Mr O'Loan:

As I said, big and small developers have houses lying empty at the moment, and that is the last thing that they want. Given the difficult financial climate, the last thing that they need is a further burden being placed on them. Therefore, that must be put off for the time being. We will just have to watch that situation.

To what extent is small-business rates relief automatic? Is there a need to market that? Are there issues around small post offices that share premises with larger businesses?

I support the low-carbon scheme. That must be carefully monitored so that we are ready to modify or extend it depending on what we learn from it.

I have always been a strong supporter of the deferment agreement proposal, and it is interesting that you think the uptake could be as many as 2,000, which is a lot of people. If the uptake is anything like that, it will certainly be justified. However, I have always said that even if there is a very small uptake, it is still a worthwhile measure.

You said that the purpose of data sharing was to provide people with rates relief. Can you

further assure us that if the systems for that — which you presented to us in a positive way — are set up, they will not be used for any other purpose? If that were the intention, we would have to look at that. If the purpose of the systems is not to identify persons who ought to be paying rates but are not — although I am not necessarily excluding that option — we must be absolutely clear about how you can make the system watertight so that it is only used for the intended purpose.

Dr Farry:

I declare an interest as a member of North Down Borough Council. Are you happy that there is sufficient capacity and resources within Land and Property Services (LPS) to deliver all the changes in the rating system from 1 April, bearing in mind the ongoing issues of performance and the incredibly large bid in the upcoming September monitoring round for additional resources for the LPS, which may or may not be met? How confident are you of that?

Has every aspect of the legislation been subject to consultation? Do you accept that policy discussions and disagreements around some aspects of the draft Bill have arisen from the consultation that has taken place? What was the biggest controversy arising from that?

Given the ongoing uncertainty regarding penny product issues that are affecting a number of councils, has any consideration been given to tapering the run down on the transitional relief so that it takes place over a longer timescale rather than simply two years? Can you confirm that that has already been implemented for the penny product for the current financial year and will be part of the finalisation figures for councils, ahead of the powers coming through?

In a sense, industrial derating will come to a natural end in the near future through changes to European Union state aid rules. I am happy with at least a one-year delay in the rating of vacant properties.

What is the current expectation as to when non-domestic revaluation will come to an end? Is there an issue regarding the timescale of future domestic revaluation? The cycle is coming round to that pretty soon, and there is a rumour that that is going to be deferred.

Mr McClure:

I will try to deal with your questions quickly. On Mr O'Loan's point about small-business rates relief being automatic; that is one of the key features of that scheme. One of the things that attracted the Department and various business organisations to the Welsh scheme was that small-business rates relief would be automatic. We hope to be able to apply that here and we are working on a list of exclusions to ensure that the LPS can administer that smoothly. Therefore, to answer your question; it will be automatic.

Mr O'Loan:

What about small post offices that occupy the same premises as larger businesses?

Mr McClure:

The Department has consulted very carefully on that issue with the National Federation of SubPostmasters. The analysis it provided, which the Department has checked and confirmed, showed that post office counters in larger stores or garages will not be included in the scheme. The Department does not foresee those types of post offices being at risk, and the National Federation of SubPostmasters agrees with our view. Rather, it is the small independent post offices situated in isolated rural or urban areas that are most at risk and will require the most assistance.

The Department believes that the valuation levels it has struck will effectively exclude post offices that share premises with bigger businesses, and that those types of post offices will not be under threat. The work that the Department has carried out with the National Federation of SubPostmasters has confirmed that view.

Low-carbon monitoring is something that the Department wants to pursue. The Energy Saving Trust will be assisting in the administration of the scheme, and the Department is already examining the provision of property data to that organisation. Furthermore, the University of

Ulster is undertaking research in that area. Therefore, the Department is already thinking ahead with respect to carbon monitoring and, if necessary, we can return to the Committee with a progress report, with a view to enlargement if necessary.

As regards deferment, the figure of 2,000 seems quite high: it could be lower. We are not sure. Numbers are quite low in the other jurisdictions that we examined, particularly in North America, where some counties and states were more successful than others. However, that may be down to the amount of promotional activity undertaken and money spent.

As regards data sharing; data can only be used for the purposes for which one has cover. Therefore, Chinese walls must be erected, even within the LPS, regarding the use of data that has been collected for one purpose if the new purpose was not declared at the outset. I am not sure whether the Committee regards that as a good or bad thing, but the powers mean that data received by the LPS and shared through its data-sharing processes has to be carefully controlled.

Mr O’Loan:

That is food for thought.

Mr McClure:

If the LPS gathers information about reliefs, which suggests that a property is vacant, that information cannot be used by the collections side of the organisation.

Dr Farry asked whether the Department is happy with the capability of the LPS to deliver. The reforms present a challenge for the LPS, and the Department has liaised very carefully with the LPS on some of the reforms on an almost daily basis. However, I have to say that if we were to introduce the rating of empty homes, which is a big impact measure, I doubt whether the LPS would have the capacity to deliver on that. Therefore, it is not just about the wider policy issue surrounding the appropriateness of introducing the measure in April 2010; there are also issues around deliverability.

In relation to the other measures, I believe that the LPS is equipped to deal with them. Indeed, it is already advising its IT suppliers to make the necessary system changes. However, any change in policy will have an impact on the LPS. As far as the Department is aware, that change is manageable at the moment, but it does present the LPS with a challenge.

Dr Farry, did your second question relate to the adequacy of the consultation of the Bill?

Dr Farry:

Yes. Has every aspect of the Bill been subject to consultation?

Mr McClure:

Every aspect of the Bill that reflects new policies has been subject to consultation. The only items not subject to consultation were changes that were being made to existing policies; for example industrial derating. We did not consult on the need for that because the policy was already established.

We had also consulted on landlord allowances, and we are making a consequential change via the Bill. Therefore, to answer the question: yes; we have consulted on all of the Bill's key elements. The elements on which we have not consulted either address shortcomings or are consequential.

Ms Holland:

As regards the allowance aspect, there will be consultation through the key stakeholders before any changes are introduced.

Mr McClure:

Dr Farry asked about the aspects of the Bill that are attracting most controversy.

Ms McCaffrey:

I am not aware that any aspects are causing controversy.

Ms Holland:

Nothing substantive has arisen —

Mr McNarry:

It starts today.

Mr Weir:

David McNarry has not spoken yet.

Mr McClure:

We will watch this space. The main elements of the Bill have been developed during a consensual process.

Dr Farry:

Was there complete unanimity in the consultation responses?

Mr McClure:

No.

Ms Holland:

The responses offered broad support for all the measures in the Bill.

Mr McClure:

Dr Farry asked about transitional relief for councils. The Executive decided on the two-year arrangement based on need and affordability, and the agreed policy will be written into legislation. I am not sure whether a longer timescale can be included. If the policy were to be

changed, we would have to reconsider the matter. At the moment, we are implementing the agreed policy.

As regards implementing measures now in relation to transitional relief scheme for councils; the current penny product estimates and actual penny products assume a £500,000 cap. Therefore, councils will not be affected by that. We must ensure that councils are bailed out at the end of the process. The penny products have been established on the higher figures.

As to industrial derating coming to a natural end; it was not intended that that would be the case. Primary legislation and the provisions introduced under direct rule said that industrial derating would end.

Dr Farry:

It was more the case that European Union state-aid rules forced it to end.

Mr McClure:

It is a sensitive issue, and I am reluctant to discuss it too much. I presume that Hansard is recording today's session. We believe that it is a pre-accession aid, which was introduced in 1929, well before the Common Market, never mind the European Union, came into existence. Therefore, it qualifies as a pre-accession aid. However, it could still be vulnerable if we try to do anything.

Dr Farry:

I understand that even the Invest Northern Ireland grant approach may be called into question in the near future.

The Chairperson:

Do any questions remain unanswered? I am conscious that other members want to speak.

Dr Farry:

The final question relates to the timescale for the non-domestic revaluation and any delays to the next round of domestic revaluation.

Mr McClure:

The intended implementation date for non-domestic revaluation is April 2010. Direct rule Ministers said that 2012 would be a good date for the next domestic revaluation. However, we now have a devolved Administration, and domestic revaluation is a devolved matter. It is not on the Department's radar, but I am aware that there has been some coverage in the press. The Fair Rates Campaign raised the issue with us, and we have clarified that no decisions have been made.

Dr Farry:

The assumption was that domestic revaluation would occur more frequently, given the 20-year gap that happened previously.

Mr McClure:

That was the position. We have not been asked to examine early domestic revaluation. The introduction of the lower cap might have taken some heat out of the need for more frequent revaluations. That is not to say that we would not raise that as an issue again, if people felt disadvantaged through time by the lack of revaluations.

Mr McLaughlin:

The draft Bill is a good, comprehensive response to a number of rating issues, and I welcome that. I appreciate the consideration that has been given to the concerns raised by the Committee from time to time. I have a question about clause 3, which deals with energy-efficiency measures. Renewable technology continues to develop. There are arguments about whether it is a cost-effective option now, in certain circumstances; however, that may well change. Should renewable energy become an available option, perhaps after people have been given a one-off

relief payment to carry out insulation measures, can we be certain that we will not be building in a disincentive, either by discouraging people from taking up the technology, or by discouraging the industry from continuing to invest in research and development?

I have two other questions. As I understand it, the Department wants to be diplomatic, or discreet, about industrial derating. Will the practical consequences of the measure be that we will retain the option of some kind of calibration of the degree of relief that can be offered, whereas if it were to be taken off the books there would be absolutely no mission of reintroducing such a thing in the future?

My final question is on the extension of rating to empty properties in the domestic sector; an issue in which I have a particular interest. I support the intention of the clause as it is presented, but I have a concern about mothballing: in other words, properties being shuttered and left. Will this measure make that problem more acute?

Mr F McCann:

Some of my questions have been asked by the three previous speakers. One issue, which Declan touched on in relation to the small-business rate relief, is the impact on small post offices. At a number of meetings earlier in the year we discussed the closure of post offices of various sizes. How does one determine what constitutes a small post office? Some people depend on the post office to carry out their normal business, and some of those are almost stand-alone post offices.

We spoke about the possibility of the process of rating empty homes being delayed due to the present economic climate. Is there any indication that the present state of the property market could seriously increase the number of empty properties?

Mr McNarry:

Is there any provision for rate relief for registered carers at home? I do not see it in the draft Bill, so perhaps you could advise me. Does the Department have a list of empty homes, and can their

locations be established? I take it that there will be a scale relating to the size of the premises. It is very difficult to value empty premises. From what baseline will they be valued? Is there a particular length of time after which a property is deemed to be empty?

Assuming that the Department has all the information that it needs, and I realise that that is a dangerous assumption, what is the estimate of the income that will be derived? Has a decision been made on how the income will be used? Who will make that decision?

Mr McClure:

As regards renewable technology, and whether the provision in clause 3 for improvements in insulation standards could act as a disincentive, the Department has always seen insulation as a quick win in energy efficiency.

Mr McLaughlin:

The one-off grant provision might be a barrier; not the fact that rate relief would be given in order to install insulation. The one-off measure could disqualify people who subsequently deploy renewable technology.

Mr McClure:

I see what you mean. The Department intends to monitor the policy closely and examine whether it needs to be enlarged. That must be taken into account. The Department recognises the possibility of renewable technology being one method of work to be included in the second phase.

Mr McLaughlin:

I wanted to know your mind on that.

Mr McClure:

I understand your point. It is hoped that a policy will be crafted and will be agreed by Ministers to ensure that Departments are not working against one other.

The draft Bill retains the option for the Assembly to decide on the level of industrial derating. If the level were to be increased, the European Union might intervene. If it were taken off the books — if it were not included in the legislation and had to be resurrected later — we would lose the pre-accession aid easement that we are entitled to.

When the policy was being developed, one feature concerned the amount of activity by speculators in the housing market. Houses were not being used by people to live in; they were being used to make money through capital appreciation, and that was one of the drivers for the policy. When the Bill is introduced, it will stop the mothballing of properties. We have heard of buy-to-let market, but a buy-to-forget market was a feature in 2007. It is certainly not a feature in 2009.

As regards how small post offices are determined; that was arrived at in consultation with the National Federation of SubPostmasters. The Federation helped the Department to determine rateable value levels that are used to determine a small post office. The Department had a lot of engagement and exchanges of data with the Federation and examined the evidence it provided in some detail. The Federation agreed that the levels decided on were acceptable.

As regards whether there is any evidence of an increase in the number of empty homes as a consequence of the change in the housing market —

Ms Holland:

Not that I am aware of.

Mr McClure:

If the Committee would like us to find out that information, we will try to provide it.

The Chairperson:

Yes, please.

Mr McClure:

We will come back to the Committee with that information.

Rate relief for carers has not been included in the Bill because it was not an outcome of the Executive's review of rating policy. It was not a policy that was decided on by Ministers and therefore is not in the draft Bill.

Mr McNarry:

Is it not time that it was included?

Mr McClure:

There would not be time for the due process, including consultation and research required, to include it in the Bill; however, that is not to say that the matter could not be considered for further legislation. Given that this is an accelerated-passage Bill, in order to introduce a new policy —

Mr McNarry:

It has not been granted accelerated passage yet.

Mr McClure:

I am sorry; you are absolutely right. I stand corrected.

Mr McNarry:

There has been a review into carers by two Departments. Maybe you are not aware of that?

Mr McClure:

We are aware that there are certain supplements for carers: the rate rebate under housing benefit and the rate relief scheme. Whether those are sufficient is something that would need to be researched.

Mr McNarry:

May I bank it that you said that you would look at the matter if accelerated passage is granted?

Mr McClure:

It would need to be a policy that is raised with Ministers for us to look at. We would need to talk with the Minister about whether he wants us to do any work on that.

Mr McNarry:

Will you do that or do you need me to do it?

Mr McClure:

I will raise it with the Minister.

Mr McNarry:

Thank you.

Mr McClure:

The empty homes list, which contains about 20,000 empty homes, is held by the LPS. If you

would like us to provide you with some analysis on that we will do so.

Mr McNarry:

I would be grateful for that.

Mr McClure:

As regards how we value those homes; most of them are on the valuation list already. They would be listed as “vacant” in the occupier category.

As regards the length of time before a house is deemed to be vacant, I will give you an example. A second home would be rated for the entire year even though someone might occupy it only for a month and leave it empty for the rest of the time. If there is an intention to return, a property would be considered to be in rateable occupation for the entire year. As properties fall vacant, I presume that the LPS would consider a week’s, or month’s, vacancy in its calculation of the rate liability between occupiers.

Does that answer your question? I am not sure that it does.

Mr McNarry:

No. People need to know where they are on these things. You have detailed, quite rightly, some of the efforts that people make regarding avoidance of payment. Some people are very clever. However, there is also the issue of what makes an owner, or landlord, decide to deem a property fully vacant; let it become derelict, or do anything with it. I am enquiring about whether we are talking about a property that is lying vacant for six months or a couple of years? Do we need to obtain the intentions of landlords and owners? The fact that there are 20,000 registered vacant homes, those that we know about, when we have homeless people and people on housing lists is quite an appalling situation.

Mr McClure:

I am not sure whether this will answer your question either, but there is no initial —

Mr McNarry:

I just want to know whether we will be adding to the list if we are not clear about the timescale.

Mr McClure:

Unlike the rating of empty commercial properties, in which a property may be vacant for three months and then become liable for a 50% rate, there will be no initial exemption period. Liability will apply at 100%. Under the policy, when the LPS becomes aware that a property falls vacant, liability will switch from the occupier to the person who is entitled to possession; usually the owner. There will be no gap or minimum period. I am not sure how the LPS will deal with a vacancy of a few days — maybe it will let that go. However, when the period gets into weeks, once this policy is introduced, liability should arise. I hope that that deals with your concerns.

Mr McNarry:

I will come back to it. I think that we need more investigation on it.

The Chairperson:

The Committee is really pushed for time. David, are you content that your questions have been answered? You will get an opportunity to question the Minister, who will be appearing after Brian.

Mr McNarry:

I do not want to bore the Minister with technical details. The last question was about how much the Department expects to get from this?

Ms Holland:

At the moment, we estimate £6 million to £8 million.

Mr McNarry:

What are you going to do with that money?

Mr McClure:

The regional rate element will go to the Executive, who will make a decision according to their spending priorities. The money is a general supplement to the departmental expenditure limit and is not linked to particular spending programmes.

Mr Weir:

Is that £6 million to £8 million the regional element?

Mr McClure:

No; about 40% or 45% of it will go to district councils.

The Chairperson:

Is everyone content for Brian, Veronica and Alison to leave? We are about 35 minutes behind schedule, and I am conscious that some members may not be able to stay to make a quorum.

Mr McLaughlin:

That never happened when I was in the Chair. *[Laughter.]*

The Chairperson:

May we write to you, Brian, if members have questions that have not been answered?

Mr McClure:

Yes; please do that. Some of my answers may have been insufficient, so I will be happy to give as full answers as possible.

The Chairperson:

Thank you very much.

In the next session, the Minister will brief the Committee on the proposal for accelerated passage, an issue that we have already touched on. I suggest that we discuss our position on the proposal for accelerated passage after the Minister leaves, because he will also be talking about the equal pay claim and senior Civil Service bonuses. I will take guidance from the Committee on that suggestion.

Mr O'Loan:

Accelerated passage is a separate item on the agenda. Will we deal with that first and get questions on the issue done and dusted?

The Chairperson:

The questions are a different matter, Declan. It is merely our position on accelerated passage that I am suggesting we discuss after the Minister has left.

Mr O'Loan:

So, questions to the Minister on all the issues will be lumped together.

Mr McNarry:

On both issues?

The Chairperson:

The Minister will be discussing three issues: accelerated passage, the equal pay claims and the senior Civil Service bonuses.

Mr McNarry:

Will the Minister be talking about the September monitoring round?

The Chairperson:

September monitoring is on the agenda, but DFP officials, not the Minister, will be discussing it.

Mr McNarry:

Why will he not be discussing it? He is the Minister, for goodness sake.

Dr Farry:

We are only going to be informed of the departmental position.

The Chairperson:

That is what is on the agenda, David. I am merely suggesting that the Committee discusses accelerated passage and makes its decision after the Minister has left.

Mr Weir:

Are we essentially taking the Minister's evidence in three short sessions? He will provide information on accelerated passage and then answer questions on that. He will then speak about the equal pay claim, and we will question him on that. Then, he will give evidence on senior civil service pay and answer our questions on that.

Mr O'Loan:

So, there will be three separate mini sessions.

The Chairperson:

Yes; and we will make our decision on accelerated passage after the Minister has left. Is that OK?

Members indicated assent.

The Chairperson:

You are very welcome, Minister.

The Minister of Finance and Personnel (Mr S Wilson):

Thank you very much.

The Chairperson:

Please make your presentation and then members will ask questions. I am aware that your presentation has three sections, so it may be best if members ask questions after each section.

The Minister of Finance and Personnel:

Has the Committee any preference about the order in which I cover the items? I understand that you have received a briefing on the rates (amendment) Bill. Do you want me to start with that one?

The Chairperson:

It may be best to cover that one first.

The Minister of Finance and Personnel:

I thank the Committee for the opportunity to come along and talk about these issues this morning. I look forward to working with you over what I suspect will be a fairly difficult period. It is important that we work together on the issues that we must address.

First, I will deal with the rates (amendment) Bill. I thank members for the opportunity to bring to them a number of matters concerning it. I do not want to go into the detail of the draft Bill because the Committee has already been briefed on that. If there are specific questions that I cannot deal with, I will refer them to the departmental officials — I hope that they are still here.

It will be useful if I outline the importance of the draft Bill because, as members have already heard, it has a considerable impact on some groups that we believe to be vulnerable, especially during the recession. From that point of view, we are keen to get it through. I do not think that there is anything in the detail of the draft Bill that will be a surprise to members because all of the issues have been well argued and, as far as I understand, the Committee was very supportive of many elements of the draft Bill. Indeed, many elements of it probably originated with views that were expressed by Committee members.

Standing Order 42(3) requires me to explain the reasons for seeking accelerated passage, the consequences of it not being granted and the steps that are being taken to minimise the future use of accelerated passage. Having been a Committee Chairperson, it is my opinion that the best way of dealing with legislation is to have a full Committee procedure in which it can be scrutinised. It is the best way of bringing forward legislation and making sure that it contains no mistakes, that all of the issues are properly dealt with, that it can be properly amended and that there is intensive scrutiny of it.

I have thought long and hard about this issue and I spoke to the former Chairperson of the Committee for Finance and Personnel about it, but circumstances have dictated that if we wish to have the provisions of the draft Bill in place for April 2010, it really cannot go through the

normal process. It needs to go through accelerated passage because the core provisions of the draft Bill are about providing much-needed assistance to small businesses and households that are feeling the strain due to the current economic downturn.

If help is to be made available through the ratings system, it is important that we have in place the provisions of the draft Bill so that those changes can be made by 2010. There will be changes in systems required by the LPS so that rate bills can go out. For that reason, I ask for the Committee's support to have the draft Bill progressed through the Assembly by accelerated passage. In doing so, we can hopefully meet our common goal of getting assistance to small businesses.

It would be a fairly bad reflection on the Assembly if we did not get the provisions through in time for April 2010. If they are not through by then, they cannot be introduced mid-year. Rate bills would have gone out by that stage, so the provisions would not then be in place until April 2011.

Some of the provisions of the draft Bill could have been introduced part-way through the year. The small-business relief aspect must be in place by the start of the rating year because, as I have said, rating bills go out at that stage. Furthermore, in order for the subordinate legislation that is associated with this draft Bill — to establish the energy-efficiency measures, the zero- and low-carbon scheme and the deferment scheme — to be in place by next April, Royal Assent will be required in early December. The draft Bill must get through over the autumn.

As I have said, I am conscious that accelerated passage should not be used unnecessarily. This is not an attempt to try to shield ourselves from the proper scrutiny that this Committee undertakes; it is more of a necessity for us.

The total impact of the draft Bill will make approximately £10 million available to small businesses and households, which will be welcome at a time of economic pressure. The small-

business relief scheme will provide help amounting to between £8 million and £9 million to 16,000 smaller businesses. I know from the representations that I have received since taking over as Minister that that scheme is important.

The rating of empty houses, which the departmental officials have already briefed members on, is an issue that I must flag up. That will not and does not have to happen immediately; we are seeking the Committee's guidance on when it believes that it should be introduced. It will be difficult to introduce it in the middle of a recession, but there are good reasons for including it in the draft Bill. Members will know that there is a housing shortage; in some cases, houses could be put into use, and there needs to be an economic incentive for that. That is why the rating of empty houses was considered, but the timing will be important. I look forward to the Committee's view on what that should be.

I can give members an undertaking about the future use of accelerated passage. Perhaps this will come out when members ask questions, but it is not always in my power to determine when exactly a Bill will be ready to be presented to the Assembly. It has to go through the Executive procedure, which, in itself, takes time. However, I will do all in my power to try to ensure that we do not have a repeat of this in future.

The departmental officials are happy to give a supplementary briefing to the Committee on the passage of the draft Bill in the absence of a formal Committee Stage. Members may find it helpful to have a supplementary briefing on the clauses of the draft Bill over the next few weeks, until it reaches its Consideration Stage in October 2009. I know that that is not a total replacement for clause-by-clause scrutiny, but the briefing will be available to the Committee if members so wish. Subject to the Assembly's agreement, the use of accelerated passage will allow the draft Bill to pass through all its Stages in late October, after which it will receive Royal Assent.

That is all that I have to say about that particular issue. Members may already have gone through all the various issues in the draft Bill, but I am happy to take any questions about the

request for accelerated passage or any other related issues.

The Chairperson:

Thank you very much. I am sure that members are glad to hear your comments on the use of accelerated passage, because it is not the Committee's preferred option either. However, we recognise that there are times when such a procedure must be sought.

Mr O'Loan:

I welcome the Minister to this meeting of the Committee, and I endorse what the Chairperson has said about the Minister's comments on accelerated passage. The norm should be that the Committee has the proper opportunity for scrutiny. We had a lot of questions for the departmental officials, and there is no doubt that we would ask many questions in the course of clause-by-clause scrutiny.

I fully support the general thrust of the measure; the draft Bill is a good one. However, the accelerated passage mechanism is being used far too much. From a democratic perspective, it is not right that Committees are not being given their place. Accelerated passage does not serve the public well, nor does the Assembly present itself properly to those who elect us when we fail to handle legislation in the proper fashion.

There must be a very good justification for a particular use of accelerated passage. In our briefing, we were told of difficulties that had been encountered in seeking Executive approval — what were those difficulties? I presume that they were the fundamental bases for the accelerated passage request.

Ms Purvis:

I, too, thank the Minister for his presentation and look forward to working with him and his Department through the Committee.

My question is in a similar vein to Mr O'Loan's. The Minister talked about the policy implications if accelerated passage were not approved. He said that circumstances have dictated that he requests accelerated passage, but he has not told us what those circumstances are. The draft Bill was presented to the Executive on 13 March and it took over four months for Executive approval to be given. Will the Minister outline whether the difficulties are in a similar vein to those indicated by his party leader, the First Minister, yesterday, when he was outlining his proposals for reform of the Assembly? Are ideological differences causing the obstacles in the Executive?

The Minister said that if accelerated passage were not approved, it would reflect badly on the Assembly. I dispute that because the Assembly's role — and that of the Committee — is to follow the proper processes of legislative scrutiny. Like Mr O'Loan, I do not believe that accelerated passage helps to build confidence. I do not think that it is a bad reflection on the Assembly. It may be a bad reflection on the Executive in its not approving the draft Bill earlier so that we could have had an opportunity for proper scrutiny.

Finally, the Public Accounts Committee carried out a review of Land and Property Services' rate levy and collection and PEDU also carried out a review of Land and Property Services. Does the Minister believe that Land and Property Services is fit for purpose and able to implement the policies outlined in the draft Bill by April 2010?

The Minister of Finance and Personnel:

I will deal with the general point first. I emphasise again the importance that I attach to the proper scrutiny of a Bill. I am now on the other side of the process but at one stage I was a Committee Chairperson and, depending on how well I perform or how quickly I annoy my party leader, in the future I could become one of the people who rants, raves and rails against accelerated passage. However, leaving that aside, good legislation requires proper scrutiny; therefore, accelerate passage should be used only in the most extreme circumstances. I believe that this is an extreme circumstance.

Mr O'Loan's question and the first part of Ms Purvis's question asked what were the difficulties that led to this circumstance. As members are aware, when a proposal goes to the Executive it must receive the approval of a majority on both sides of the Executive. The draft Bill went to the Executive in March, and I know from my predecessor that the details of the draft Bill were discussed with all of the parties. When I took over as Minister of Finance and Personnel, the draft Bill had not been approved. I approached the parties and it received approval and clearance at that stage. I am not aware of what the specific difficulties were that meant that it was not given quick approval by all the parties. All that I can say is that when I made those approaches and explained the situation, it was approved.

I cannot be more specific; I am not trying to avoid the issue. The draft Bill was not brought before the Assembly because it did not have the clearance of the parties in the Executive early enough to allow it to be progressed in the normal way. There has not been any change to the Bill from what was presented in March. I cannot say what difficulties were raised or whether people required clarification, but the draft Bill was not approved early enough. However, following discussions that I had towards the end of the last session with those who had difficulties, we got clearance.

I am sorry that I cannot be more specific. Members may want to know whether there were specific parts of the draft Bill with which Executive members had issues; I do not know whether that was the case. All I know is that the Bill is unchanged from how it was presented in March.

Ms Purvis:

I accept that you have taken over the Department of Finance and Personnel and you may not be aware of all the details of what happened, but some of your officials may be aware of them. That level of detail is required because it is the reason why you are seeking accelerated passage. You have said that the substantive detail of the Bill has not changed since 13 March, so why the delay? Can your officials supply us with that information?

Mr McClure:

Unfortunately, I cannot throw any more light on this other than to say that we are not aware of any substantive issues with the draft Bill's clauses. The draft Bill did not receive clearance at successive Executive meetings, and we remain mystified as to why that was the case. There is nothing else that I can usefully say.

The Chairperson:

Can we seek some clarification from the Executive on that? Are members content with that?

Ms Purvis:

I am as mystified as the officials.

Mr McNarry:

This is the Minister sitting in front of us; we expect him to be able to tell us the details.

The Chairperson:

We are not going to get an answer now, so we could ask for an answer to be provided.

The Minister of Finance and Personnel:

The draft Bill did not come before the Assembly earlier because it did not receive the clearance of all the parties in the Executive. Given that the draft Bill came back to the Executive in an unamended form, perhaps the parties that did not give approval previously could provide an explanation and the issue could be cleared up within the party system. It was one of the first issues that I raised when I became Finance Minister, and I had clearance within one week.

Mr O'Loan:

That answer is not satisfactory. Minister, you come here and say that you are bringing a Bill to the Assembly and you want to have accelerated passage. The Committee, quite reasonably,

wants to know why there is a request for accelerated passage. You explained in process terms that it did not get through the Executive on time, but you said that you were not aware of the specific difficulties with the draft Bill. However, we need to know precisely what caused the logjam in the Executive.

Also, I was surprised to hear you say that when you became Finance Minister you spoke to one or two people and that, subsequently, the matter started to move forward. If you were able to resolve certain difficulties, as it appears that you were, one would think that you would know what those difficulties were or who was creating the difficulties. If it is the case that nobody was presenting difficulties, that is a new situation. I think that we are entitled to know who was holding it up and why.

The Minister of Finance and Personnel:

There were no issues that I was asked to address. I simply presented the case as to why the rates (amendment) Bill had to start to proceed after the recess, and the draft Bill then got clearance. I was given no explanation as to why it was held up between March and the time that I had that conversation. I am happy that we got an agreement, and we have moved on from that. However, I was given no explanation as to why the Bill was not cleared sooner than that.

Mr O'Loan:

I take that to mean that you do not know why accelerated passage turned out to be necessary in this particular case. I understand that as it is now September and Royal Assent is necessary to get the measures through for April, that can only be done if the draft Bill has accelerated passage. However, I do not know why that has happened, and the Committee deserves to know that.

The Minister of Finance and Personnel:

The reason for accelerated passage is the time constraint, as I have explained. The reason for that time constraint is that the draft Bill did not get clearance from the Executive until June 2009. I have no idea of the reasons why the draft Bill did not get clearance between March and June. The clearance of each party is required. All I can say is that no issues were raised with me; therefore,

I have no indication as to why there was a gap between March and June. If issues had been raised with me, I could have explained what those reasons were, how we tried to resolve them and why it took that length of time.

Dawn referred to how accelerated passage will reflect on the Assembly. The rates (amendment) Bill has to go through the Assembly and requires Assembly assent; it is the Assembly that takes ultimate ownership of any Bill. When people look at what we do, I do not think that they make a distinction between the Executive, which originates the Bill, and the Assembly, which clears the Bill. It is a law that the Assembly will pass. If it is not passed and there are financial consequences, that will reflect on the Assembly. We can argue about whether it will reflect badly on the Assembly or the Executive; however, the public look at what goes on in this Building and at the Assembly making decisions that will affect their lives and if there are things that do not happen, that reflects on us all.

With regard to the review of the LPS and the question of whether it is up to delivering on the policy changes, we have just received the PEDU report and are working through it. I have no doubt that at some stage the Committee will be made aware of the recommendations in that report. I visited the LPS last week and it made me aware that sometimes we lose sight of the fact that when changes are made to the way in which we levy taxation, it has an impact on the systems in place for delivering rate bills. Sometimes we think that we pass Bills and a magic wand is waved; however, new policies involve administrative changes and costs and computer changes, etc. Nevertheless, I have been assured that if the measures in the draft Bill are introduced, the changes required to adjust rate bills by the beginning of April will be in place.

I know that wider concerns exist about the ability of the LPS to collect rates, and those are some of the issues that were addressed in the PEDU report. The complexity of the new schemes has been explained to me. Some of the measures are more complex and will have greater impact than others; however, if we have the lead-in period afforded by accelerated passage, the LPS should be capable of dealing with them.

The Chairperson:

The PEDU report evidence session is scheduled for 23 September.

Mr McNarry:

The Minister is welcome. He is getting an easy ride so far; I will see what I can do about that.

I recognise the Minister's position in asking for accelerated passage. I will recommend that the Ulster Unionist Party supports his request. That might be a first, but nevertheless —

The Minister of Finance and Personnel:

I look forward to that level of co-operation in the future. I am not so sure that I will get it, but I look forward to it.

Mr McNarry:

That will be noted in the Hansard report.

The Minister of Finance and Personnel:

One can but be optimistic.

Mr McNarry:

On the basis that I have put the Minister in a semi-good mood, I will make a pitch to him. Officials who spoke to the Committee earlier identified and made it obvious that there was no provision for rates relief for registered carers at home. There may be an opportunity to introduce that later. Will the Minister consider that as of today? We must address the great need in society for the work done by carers, and society would welcome any help for carers that is not available at present.

The Minister correctly identified what everyone knows: rates relief is helpful to businesses in

any circumstances, not least in a recession. It greatly assists their competitiveness. To make our businesses more competitive as we come out of the recession, would the Minister entertain the idea of further rates relief for businesses in the future? When the measures in the draft Bill are introduced, a worthwhile case could be made for further measures to improve competitiveness.

We are all concerned about charges on empty homes. What steps will be taken to ensure the smooth delivery of the collection of what the Committee has been told amounts to between £6 million and £8 million? That amount may as well be £100 million if it is not received because the resources to make those collections are not there, and the record so far has not been good. The Committee is concerned about the ability of the LPS to deliver. No one — including me — wants to declare their support for the draft Bill and take all the steps and do all the work to enable the Minister to secure its passage, only to find that it falls flat on its face because the resources are not there.

Mr McLaughlin:

The Minister has set out fairly a draft Bill that reflects issues that the Committee has addressed, a fact that he has acknowledged. The Assembly must question the reasons for the delay in introducing the draft Bill and the consequent need for accelerated passage. I am not sure that the Minister would have received a better response had he gone to the Assembly. The tensions that exist and the dynamics that they create affect the whole Assembly, so it is no surprise that we are in a process of developing new methods of working together and overcoming bad habits that were learned over a long time and have affected every level of administration and democratic forums in the history of this state. Presumably, some of that learning and unlearning will continue for some time.

In my view, the package contained in the Bill and the issues being addressed are of common interest to all parties. Therefore, despite the difficulties and constipation there have been in bringing the Bill forward, the Assembly is addressing those issues, and that is of some benefit and significance. If we were to look at the profile of the Ministers who have had to use the accelerated-passage mechanism to fast-track or bypass the normal consideration and examination process, we would probably find that it goes across the parties.

Some issues have an historical or legacy context that we are still untangling; and the Assembly needs some time to deal with that. Having said that, I understand perfectly why some of my Committee colleagues express bemusement at how this can arise. However, I am sure that if we were to reflect on the first mandate we would find that the same dynamics existed when two different parties were the major partners.

Mr McNarry:

That is rubbish.

Mr McLaughlin:

I do think so. There was a situation in which the First Minister and the deputy First Minister did not even talk to each other.

Mr McNarry:

We are talking about accelerated passage, not about talking to one another.

Mr McLaughlin:

They could not even get to the stage of talking about accelerated passage.

Mr McNarry:

You do not know that, Mitchel.

Mr McLaughlin:

The general point —

The Minister of Finance and Personnel:

I am glad to see that I am not the source of contention. Keep it up.

Mr McNarry:

He only stood down as Chairperson so that he could sit there and have a go at everybody.

[Laughter.]

Mr McLaughlin:

If we take account of that history, which we should, then perhaps we can avoid any silliness in the future.

I recognise that the Bill deals with issues about which the Committee expressed concern. Discussion with the parties will tease out some of those issues, because I do not think that we have covered all of them in their entirety. However, this is a step forward. The case for accelerated passage is justified, because we need to respond to the issues before we inflict any further damage on the economy or on the ability of society to respond to the various challenges.

I want you to respond on two issues, Minister. The first is renewable energy, which is an interest of mine, but given your previous brief, Minister, I am not absolutely certain whether it is a priority for you. I am concerned about the fact that we might be, inadvertently, putting a disincentive in place by providing a one-off relief for people who take measures to insulate their homes. Renewable technology continues to develop, and we may get to the point where it is a cost-effective option for those who have already received relief but who are debarred from taking up the option again. I hope that you will give that matter some consideration.

Secondly, I am particularly concerned about vacant properties. We should be certain that the new measures will allow us to reduce the prevalence of mothballing vacant properties as an option for property speculators. That has been an issue. I hope that we now have the opportunity to ensure that there are strong incentives for developers and property owners to release properties

for effective and productive use.

The Minister of Finance and Personnel:

I will begin with the three issues that Mr McNarry raised. The first was rate relief for carers' homes. There is probably considerable sympathy for Mr McNarry's campaign.

I am happy to consider any reasonable or workable amendments during the passage of the Bill. Indeed, I want to make it clear to members that although the Bill may be subject to accelerated passage, I will fully consider amendments that improve it or deal with issues.

However, the carers issue presents a complex change to the rating system. First, the term "carer" would have to be defined, and a definition of the term "full time" would need to be established. Furthermore, we would have to consider whether to include part-time carers. Those people's situations can change rapidly, because sometimes people can no longer be cared for at home and must move to a care home. How would we identify them? All those issues add to the complexity of administering any system. Although I do not want to pour cold water on the suggestion altogether, building such an aspect into a rate billing system would present considerable challenges.

I will give an example. One provision in the Bill relates to deferring rates for older people who own their homes. We do not know what the level of uptake will be, and I have asked for information on that. In other jurisdictions where such a scheme has operated, as few as 50 people, from a population of three million or four million, have used such a scheme. Such a change to the administration of the rating system will cost about £1 million. The system will become more costly depending on the complexity of the relief, the number of variables, and the likelihood of investigations into whether applications can be verified. Those have implications for the rate collection system and the cost thereof.

I suspect that the complexities of the carer's allowance would be greater than those associated

with the deferral of costs for older people. I have given a flavour of those costs, and the unit costs will change depending on how many people are affected. I do not know whether Mr McNarry wants to explore that matter further, but I do not think that it is possible to consider those issues in this timetable.

Mr McNarry:

With your permission, Chairman, can I ask the Minister about his use of the term “explore”? Will he make officials available to explore how to reduce the complexities? I take the point about complexities. Something could be prepared, but I do not want to stand in the way of the passage of the Bill.

The Minister of Finance and Personnel:

There is never any difficulty in officials meeting with individual MLAs or with Committees to discuss issues, or to at least explain the situation from the Department’s point of view. I have tried to identify some potential complexities from my limited knowledge of the rate collection system. In my naivety, I used to think that it was easy to write and ask a Minister why he could not accept eminently sensible suggestions. However, the logistics must be examined. I am sure that an official from Land and Property Services could talk about the logistics of the matter with Mr McNarry.

Mr McClure:

I am happy to make myself available to Mr McNarry.

Mr McNarry:

I am just following up on the matter of a potential amendment — one that would not waste anyone’s time or raise anyone’s expectations. Everyone is sympathetic towards carers, but not enough is being done for them.

Mr McClure:

As the Minister has explained, it will be very difficult to introduce any radical new policy into this Bill, particularly if it succeeds in gaining accelerated passage. Such a policy requires consultation, research and analysis. However, that does not rule it out as a worthy future policy if there is evidence of need. If the Committee wishes to draw our attention to any new research, we will certainly look at that and assess its operational complexity. Sometimes there are better ways of helping worthy groups than through the rating system, and those alternatives must also be considered. I am more than happy to start the process, but it would be helpful if the Committee could draw our attention to any new research into need.

The Chairperson:

You made an interesting point that only 50 people in other jurisdictions took up the rate relief option and that administering it was therefore not worthwhile. The Committee had discussions with officials about an awareness campaign, because many people, particularly older people, still do not know what type of rate relief they are entitled to. An awareness campaign is necessary.

Mr F McCann:

I appreciate that Ministers encounter many difficulties on taking office. However, David McNarry is right; carers belong to a section of the community that is often forgotten. We all say that we would like to do something about that but we never get around to it. As more pressure is put on the system, more people will be asked to take on the carer's role. David is asking that a process of developing a policy, rate relief or otherwise, should start now, and that that would be of benefit to people. It is difficult to ask David to go away and determine whether any new research exists. What he is saying is that officials could look into how the issues are being dealt with in other jurisdictions, perhaps in the European context, and bring that information back so that it might ease the way for amendments, or new legislation, on how to deal with the issue of carers.

The Minister of Finance and Personnel:

As I said, I am happy for officials to talk about any suggestions that members have, bearing in mind that there are constraints on the officials' time also. The development and suitability of a

new policy, or, indeed, the rating system itself, is not always the best way of delivering a particular objective. I am sure that those discussions can take place.

The draft Bill contains relief for small businesses that will place them in a competitive position in the future. Those provisions will affect approximately 16,000 businesses and will be worth approximately £8 million or £9 million in rate relief. Many businesses have already indicated, as has the Federation of Small Businesses, that that relief is welcome. We already provide considerable reliefs. Business rates for the manufacturing sector are currently frozen, and will be for the next year. Manufacturing already has a 30% discount —

Mr McClure:

It is 70%.

The Minister of Finance and Personnel:

I am sorry; it is 70%, which is more generous than the rate in any other part of the United Kingdom, or, indeed, in some instances, in the Irish Republic, and gives manufacturers a considerable advantage.

I have had representations from the manufacturing sector seeking the removal of the 30% rating. I was given a figure for how much that would cost, which I cannot remember at the moment. However, there are implications for the money that would be available to the Executive, and I indicated some of those difficulties when I met the manufacturing sector. However, we can look at this as an ongoing issue.

Mr McNarry made the point about how we can ensure the collection of rating charges on empty homes. It is sometimes difficult to identify the landlords of empty homes. Land and Property Services (LPS) is doing considerable work to create a register of landlords. It is surprising that addresses can be different and that people may own houses that they do not live in. The LPS may not have a record of all of that.

Mr McNarry:

I understand all the problems. I am asking whether the £6 million to £8 million of income is going to be delivered.

The Minister of Finance and Personnel:

The backlog is being addressed, and there has been a considerable clearing of the backlog. I asked for the relevant figures when I was with the LPS on Friday. I cannot remember the figures offhand, but we can supply them to the Committee. Progress has been made.

Mr McNarry:

We have the figures; they are improving but they are still lousy, and there would need to be a considerable improvement. Is the £6 million to £8 million going to be delivered?

The Minister of Finance and Personnel:

I emphasised to the LPS on Friday that, as far as I was concerned, its core function is the collection of money. Approximately £1 billion is being collected through local taxation, and that money will not be available if it does not come in. The efficiency of that LPS function is important, and the performance and delivery unit (PEDU) report mentions that. I also emphasised it to John Wilkinson personally when I met the board and received its report on Friday.

Again, I make the point that if we continually ask for changes in the rating system; we must accept that staff resources will go towards implementing and administering those changes. If money is being spent on bringing in changes, it will not be spent on other things. That is one of the reasons why a stable system will help us to achieve the very objectives that you talked about, David, and will ensure that we go about the job of collecting the rates that we have levied.

I now move on to the questions that Mitchel McLaughlin asked about renewable energy and whether a second allowance will be made. Despite my views, which some members may share and many members may not —

Mr McLaughlin:

You are not going to become defensive on us, are you?

The Minister of Finance and Personnel:

No; I am not going to be defensive at all. Climate change is one thing that I will not be defensive about. I am convinced that, whether it is at the domestic level at a time of rising fuel prices or at commercial level as regards increased competitiveness, we must find ways of conserving energy in order to reduce costs. There is a big savings incentive for people who want to introduce energy efficiency and alternative energy measures, and they already make savings to a certain extent. Given the level of relief, it is more an indication of our desire to save energy and get people thinking about saving energy.

If we were to decide that the rating system must deliver the incentive for people to make energy savings all of the time then, given the capital charges, one would never be able recover all of the costs involved. This is more of an aspiration for people to save energy rather than ensuring that it happens. Ultimately, people will measure how much energy saving will cost them and how much they will save. Changes to the rating system will probably be a small part of that decision.

There is the danger of allowing this to be repeated. The market moves rapidly, so every time a new idea emerges, will people have to choose whether to update the technology that they have installed in their homes to combat carbon emissions simply because there is a rate incentive to do so? Such an incentive, in that instance, would probably not be a good use of resources, because energy would have to be used to provide the infrastructure. This is more about getting people into the mindset of thinking about what they can do to save energy in the knowledge that the Government will give them a little help. However, it will probably be a capital decision for householders.

With regard to reducing the number of vacant properties, there is a question about how effective the introduction of rating of vacant properties will be in compelling landlords to take action. I want to see a reduction in the prevalence of vacant properties, but we must accept that in the current economic climate some landlords will argue that it is not easy to find people to occupy vacant properties either by renting or selling them. That is why I welcome the views of Committee members on the timing of the measure.

Dr Farry:

I welcome the Minister. I respect the fact that he has come to the Committee in person to ask for accelerated passage instead of doing so through written correspondence: we should take something from that.

My position is that I am resigned to the inevitability of accelerated passage, although I share the frustrations that many people have with it. I am sure that the Minister will accept that the situation is bizarre: a large number of the Bill's measures were subject to a fairly lengthy consultation at a leisurely pace, but all of a sudden everything has to be done in a hurry, through accelerated passage, due to blockages elsewhere in the system.

Is there a problem with the Civil Registration Bill? The Committee completed a report on that Bill in March, yet it has still not come to the Assembly for its Final Stage, which seems unusual.

In the monitoring rounds, the Department is consistently bidding for around £1 million to £2 million for additional resources for the LPS: indeed, in the September monitoring round the bid is for more than £5 million. Does that indicate an ongoing funding issue that needs to be addressed?

Will the Minister be more specific about the timetable for the Bill's passage; in particular, the

dates for First Stage, Second Stage and Consideration Stage? I ask that bearing in mind that the Minister quite rightly said that he is prepared to give careful consideration to any amendments that may be tabled on the Floor of the House, given that there may not be the luxury of a Committee Stage to tease out the detail. Will the timetable for the Bill's passage be structured in such a way so that there is time during Consideration Stage for the Department to consider amendments, instead of the situation in which Second Stage and Consideration Stage occur on consecutive days and there is a rush to get the Bill passed?

The Chairperson:

The officials responsible for the Civil Registration Bill are not here. We could write to them and seek clarification on the issue raised.

Dr Farry:

It was just a parallel point.

Mr Weir:

It seems that my colleagues are missing in action today: I do not know whether they are hiding from the Minister on this issue. I have a couple of questions that will get to the heart of the accelerated passage proposal. It would be wrong for me, as a Committee member, to speculate on where the blockages came from; although, as a former barrister, may I say that at least one comment made by a Committee member sounded very much like a mitigation plea. I will leave it there.

The Minister outlined the sequence of events that has brought us to the request for accelerated passage. The proposals were brought to the Executive in March, and, at that stage, for whatever reasons, a party, or parties, in the Executive did not consent to it. They continued not to give their consent until the Minister took over in June. Now, everyone is consenting to it. Those who did not support the draft Bill initially did not give a direct reason. Is that a fair summary of events?

Everyone accepts that the provision regarding vacant properties is the right way forward. However, there are issues about the timing, and concerns have been raised about its implementation. Issues have been raised about Land and Property Services (LPS), but, in the past couple of years, good work and close co-operation between the LPS and local councils has been undertaken; for instance, in identifying new property. Will that avenue of deepening co-operation on vacant properties be looked at to ensure that the measures regarding vacant properties are implemented smoothly?

Everyone is concerned, at times, about people's lack of knowledge and about whether they are aware of all that is available to them. The rates-deferment scheme is different from rate relief. Deferment is not a relief from which people will benefit. We are talking about deferment. In other jurisdictions, there has been a relatively low uptake of deferment, because people find it a less attractive option. Older people, in particular, may feel that by opting for deferment they are putting their estates into debt in some way. Perhaps they feel guilty that they will be taking money away from the beneficiaries in their wills. Therefore, I can understand why many people are reluctant to go down that route. However, it is worthwhile that we are pursuing the option, at least.

It is not clear as to what the level of uptake will be. If the level is incredibly low, which the Minister mentioned is a possibility; will the matter be kept under consideration? A high administrative burden for a scheme which virtually nobody uses is not a cost-effective use of resources. Will the matter be kept under review if the provision is made?

The Minister of Finance and Personnel:

I will answer Dr Farry's question first. I have not been prepared — or should I say that I have not been programmed — to answer questions on the Civil Registration Bill, so I cannot provide an answer to that question, but I will respond in writing.

Dr Farry is correct in what he says about the LPS, its capacity and its funding. Bids have been

made for money for the administration of the LPS in most of the monitoring rounds, and many of those bids have been based on the fact that the rating system has changed substantially since the Assembly has taken over. There were good reasons for making those rating changes, and the public has accepted that the changes were good. As I emphasised in earlier answers, that has implications for administration. Monitoring rounds have been fairly tight. In most cases, the call for money has not been met, and that imposes a strain. As I say to other Ministers, however, and as I have to say to my Department, it is important to consider whether we are administering things in the best way possible and ask whether we are getting the best work out of the resources that are available. If it must be managed with existing resources, so be it. That is one of the reasons why I emphasised to members that requests for further changes in the rating system will have consequences. If constraints mean additional money is not available, it must be accepted that pressures will be produced elsewhere.

On the matter of the draft Bill's progress, the dates that I have been given are as follows: the First Stage will be on 14 September 2009; the Second Stage on 22 September; Consideration Stage will be on 29 September, which allows some time for changes that must be made; there will be another time gap before Final Consideration on 5 October; and the Final Stage, which should be simply be a formality, will be on 6 October. Therefore, the draft Bill's passage has been spaced to allow for consideration of points that are made.

Dr Farry:

Will there be full and proper consideration of any proposed amendments, as though the Committee had held a full Committee Stage?

The Minister of Finance and Personnel:

Yes, I have given that commitment. There is no guarantee that amendments proposed at Committee Stage will be accepted, but I want to ensure that the draft Bill is fit for purpose and does not hold any bombshells that lead us to ask "how on earth did we ever allow that to happen?" I also want difficulties that are identified in the draft Bill to be properly considered.

Dr Farry:

Good, thank you.

The Minister of Finance and Personnel:

I will move on to the points that were made by Peter Weir. First, on the issue of vacant property, I met Antrim Borough Council on Monday morning to discuss its rates issues. I was pleased that that council is working closely with the LPS to identify new properties coming on stream so that they can be quickly built into the rates base.

The council initially came to me to complain about the enormous financial consequences that they were facing as a result of delays in valuation by the LPS. However, I tried to be positive by looking at ways that we could get around the financial problem caused by the revaluation and its backdating. One point that I made was that new properties should be included on the books quickly, so that their rateable income is at least included in the council's accounts. The officials and councillors were fulsome in their praise for the way in which the LPS is now working with them in doing that. I hope that that can be reflected across the board so that we have the most up-to-date register possible.

Land and Property Services now has several functions, including mapping. The use of technology is important in collecting rates; that is, the valuation and collections aspects around that core data. I was impressed by the use made of computer technology and other methods to ensure that that data is kept updated and new properties or alterations to properties are identified. A lot of work remains to be done. My only experience with respect to that issue was that discussion with Antrim Borough Council on Monday. Although its representatives came to complain, they said that that was one element of the work of Land and Property Services that pleased them.

Peter Weir has rightly identified issues related to the very complex matter of the deferred payment of rates. I know that Fra McCann and the Chairperson raised that question, but it is not a case of making sure that people are notified. The reluctance to take up deferred payments is

often due to the fact that there will be a charge on the ratepayer's property after their death, when the property becomes part of their estate. That may be why people are reluctant to take up the deferment option.

I was asked the question: if it does not work, can we dismantle a lot of this? I am not too sure of the answer. There are one-off costs of around £250,000 for the technology required to collect the information. When that is in place, there is an ongoing commitment until those people who request a deferral pass on. Even if the uptake is low, there will probably be administrative costs, and that is one of the reasons why we have to go into this with our eyes open. There could be a low uptake, for the very reasons that you laid out, yet the scheme could present us with an ongoing cost. It is something that I know that the Committee was keen on, and I used it by way of an illustration for something else. I do not want it to become the main focus of attention. However, it is something that you may want to tease out with officials when you are briefed on the Bill.

Mr McLaughlin:

As the Minister was discussing the issue of the LPS and his meeting with Antrim Borough Council, it occurred to me that on an annual basis, quite a lot of councils go through the angst of the estimate being wrong. Well, there is no angst when they end up in pocket; however, when councils have to review their spending priorities, it causes considerable difficulty.

Given that the improved data collection is a fairly dynamic process, is there now an opportunity to keep the land and property register up to date? Is the Minister considering setting a point, perhaps the end of the financial year, at which the data from the register is used to provide a definitive statement on rates as opposed to an estimate, which can be affected by other considerations? In this day and age, it seems strange that we continue to be plagued by the uncertainty of the accuracy of the figures that are provided.

The Minister of Finance and Personnel:

There are two issues. First, it is reasonable to say that the properties registered at the beginning

of the year show us the number of properties. Secondly, it is not just the number of properties but the valuation of the properties. Let us take the case of Antrim, although I do not want to get into the detail of it. The council knew the property that was there and that a revaluation was going on. There will always be appeals on a valuation, and those tend to get backdated to the time of the appeal. Appeals do not always happen quickly. In the case of the Ministry of Defence (MOD) properties, that was not entirely the fault of the LPS. A number of valuations are worked through, especially in the case of a big landlord such as the MOD. Even there, you are not introducing total certainty because you do not know the outcome of an appeal or the impact that that will have, particularly as some cases may go back three or four years.

Mr McLaughlin:

Backdating builds in an uncertainty. Perhaps we could agree with the councils to accept what the register says at a particular point in the year, particularly in the context of the RPA and the new changes coming in. If there are adjustments to be made because of, for example, outstanding appeals or revaluations, those can be made in subsequent years. We cannot continue to build in estimates that are subject to this, that and the other. We should take those out of the equation and apply them at a subsequent date. Everyone could agree to go forward on the basis of what the register says on a given date each year, for example, 31 March.

The Minister of Finance and Personnel:

That still leaves an element of uncertainty in so far as adjustments can be made in subsequent years. That will, equally, create difficulties for councils.

Mr McLaughlin:

It will give a definitive figure for each year.

The Chairperson:

I thank the Minister for his very detailed discussion on that.

Mr McNarry:

Next time, bring lunch with you. *[Laughter.]*