

Assembly Section

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Mr Shane McAteer
Clerk
Committee for Finance and Personnel
Room 419
Parliament Buildings
Stormont

Our Ref CFP/334/11-15

28 May 2014

Dear Shane,

Please find attached at Annex A background briefing for the Committee for Finance and Personnel on 'Proposed Private Members Bill'.

Yours sincerely,

A handwritten signature in cursive script that reads 'Gearoid Cassidy'.

GEARÓID CASSIDY
Departmental Assembly Liaison Officer

ANNEX A

Proposed Private Members' Bill

Your letter dated 15 May refers.

Following the recent committee evidence session on the proposed Private Members' Bill, Minister Hamilton met with Mr McKay to discuss his proposal.

At that meeting, the Minister informed Mr McKay that, although he was not opposed to considering enhanced relief for community amateur sports clubs (CASCs) if that is considered a sufficient priority for the Assembly, he had a number of concerns in relation to the proposed Private Members' Bill.

Firstly the Department is concerned that the consultation undertaken by Mr McKay has not have sufficiently explored the full implications of the proposals. Questions were focused on the sports bodies themselves (who could be expected to support any proposal to exempt them paying rates) and District Councils (who would not be paying for it). There is no evidence of any meaningful engagement with the business community. It is noted, however, that Mr McKay stated during the committee session that he would explore this further.

More importantly, the Minister also made Mr McKay aware of an EU State Aid case currently being taken by the Association of Golf Club Owners (AGCO) about the preferential treatment afforded to CASCs in relation to business rates in the rest of the UK.

In particular, the AGCO raise concerns that proprietary golf clubs which do not qualify for relief on business rates are at a distinct disadvantage to member owned golf clubs which can qualify for CASC status and a mandatory 80%

rate relief. The argument is that many of these member owned golf clubs are operating like commercial businesses, making substantial sums of money from visitors' green fees, bar and catering sales and hire for private functions. This whole question is much wider than a golf club issue and it does raise many points of principle about competition with business interests.

Until the outcome of this case is known the Minister considers it unwise to proceed with the proposed changes, given the risk of infraction.

If there is a favourable outcome to this case the Minister has indicated that he would be prepared for his Department to present the case for increasing rate relief to 100% on unlicensed CASCs. The rationale for excluding clubs with liquor licences from 100% relief is that they have the capacity to generate income to assist with the payment of rates and that to grant a full exemption would give them an unfair advantage over other licensed properties. This would also align with the conditions applied to 100% rates exemption for community halls

A Rates Amendment Bill is currently on the schedule of Executive Bills for next session. This bill would be a suitable vehicle for introducing such a measure. There are no major implementation issues for LPS.

Finally, Mr McKay's Bill proposal is presented as a parity measure with the rest of the UK and the Republic of Ireland. CASCs in the rest of the UK only get discretionary top up relief if they fulfil other conditions, in addition to being registered as a CASC. The conditions can include things like the club objectives must align with the local authority's anti poverty strategy or else there is requirement to provide training or education to members, and non-members such as young people, people with disabilities, retired people (the organisation should provide facilities that indirectly relieve the local Council of the need to do so, or enhance and supplement those it does provide). In the Republic of Ireland the rate exemption only extends to playing areas and associated facilities; the clubhouses of registered clubs are excluded.

I hope you find this helpful.