



Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Private Member's Bill to Exempt Amateur
Sports Clubs from Rates:
Briefing from Mr Daithí McKay MLA

7 May 2014

NORTHERN IRELAND ASSEMBLY

Committee for Finance and Personnel

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Members present for all or part of the proceedings:

Mr Dominic Bradley (Deputy Chairperson)

Ms Michaela Boyle

Mrs Judith Cochrane

Mr Leslie Cree

Mr Paul Girvan

Mr John McCallister

Mr Ian McCrea

Mr Ian McCrea
Mr Mitchel McLaughlin

Mr Adrian McQuillan

Mr Peter Weir

Witnesses:

Mr Ken Armstrong
Ms Katie Nixon
Ms Patrice Hardy

Belfast Indoor Bowls Club
Northern Ireland Sports Forum
Sinn Féin

The Deputy Chairperson: Advice was sought from the Bill Office on the handling of this proposed private Member's Bill. The advice was that a Member sponsoring a private Member's Bill may address their Committee to discuss their Bill and take part in a vote on it but must clearly declare their interest at such meetings. The advice also was that an appropriate record of that should be made and retained. It was also advised that that would be consistent with the broad principle that Members cannot readily be disenfranchised but would be subject to the rules against advocacy.

I welcome Mr Daithí McKay MLA, who will be known to some if not all of you; Ms Katie Nixon, the executive manager of the Northern Ireland Sports Forum; Mr Ken Armstrong, the manager of Belfast Indoor Bowls Club; and Patrice Hardy, party support from Sinn Féin. I invite you, Daithí, to make an opening statement.

Mr Daithí McKay (Northern Ireland Assembly): Thank you, Chair.

The Deputy Chairperson: The roles are reversed somewhat today.

Mr McKay: The hunter becomes the hunted, as somebody said. Let me say that it is a great pleasure to come before this fine Committee to make a presentation —

Mr Weir: Sarcasm. *[Laughter.]*

Mr McKay: — about this private Member's Bill. Go easy.

This issue has been floating around for a while. There was an Assembly debate on an exemption from rates for amateur sports clubs back in 2011, which is some three years ago. So, this is an issue that has been discussed on a cross-party basis for some time now. I wanted to examine it in greater detail to see what merit there would be in introducing an exemption of sorts for amateur sports clubs. I have been out to consultation since November 2013. The consultation was to conclude in February, but because of the great interest in the matter, we decided to extend the consultation until mid-March. The consultation period, through my own consultation, has now concluded. It has been supported by many different sports organisations from the North, including the major sports organisations that are always referred to — Ulster Rugby, the IFA and the GAA — the Sports Forum and many organisations that I would not have been familiar with initially. I went out to a number of towns in Fermanagh, Tyrone, Antrim and across the North to make presentations to different sports clubs. I have included some slides on that for members' information today.

Why is there a need for this exemption for sports clubs? In an age in which we are increasingly talking about health benefits and the benefits of public health, I think that we need to increasingly look at sport to make a contribution to the health service and to give a more rounded view of it. There are approximately 37,000 volunteers in community sports in the North, with an estimated value of £9 million. There are benefits from sport to public health, physical health and mental health, and it plays a crucial role in preventative measures for obesity and diabetes. It also relieves pressure on the health service. Something that came out of the consultation was that this would represent a huge saving, perhaps uncosted, for government, particularly local government. It is argued that that would provide services for the community in the absence of those amateur sports clubs.

The current position is that we have 80% rates relief in the North. In the South, any land that is developed for sport is fully exempt. In England, Scotland and Wales, it is a halfway house, in that they have 80% rates relief, and councils have the discretion to extend that to 100%. There are pressures on clubs, which are growing. For example, emigration is a big issue for a lot of teams across the different sporting codes. Sponsorship is another issue. I know of one rugby club in my locality that relied heavily on a construction firm for sponsorship. That firm is no longer there, and that has left a big gap in the club's overheads. Of course, construction has taken such a hit in recent times, which will mean that clubs are in a similar boat. There has been an increase in overhead costs in recent years through the rise in cost in electricity and other utilities, and that has also put additional pressures on clubs.

The process for this was twofold. We had an online questionnaire for members of the public, groups and clubs to fill in, and there was also an option to respond through written correspondence. We received around 1,033 replies, which is a considerable number for a private Member's Bill. Our first question asked respondents whether they supported the proposal to exempt amateur sports clubs from paying rates, and 1,022 said yes. Five respondents said no, and six were unsure. So, there was overwhelming support for the proposal.

The second question asked whether we should use the community and amateur sports clubs' status as a way of qualifying for this exemption. Again, there was overwhelming support for that measure, with 971 saying yes, 16 saying no and 23 saying that they were unsure.

We also asked what amateur sports clubs contribute to the community. We gave a number of options, and, overwhelmingly, there was recognition that amateur sports clubs improve public health and lead to better community relations, better individual discipline, less antisocial behaviour, greater appreciation of the local community and increased activities for young people. So, all in all, it was a very positive response.

A wide variety of sports responded, including clay pigeon clubs, cycling, boxing, gymnastics, tae kwon do, gliding, badminton, yacht clubs, sailing clubs, tennis, squash, kick-boxing and athletics. So, it went above and beyond the four or five main sports that we usually refer to. I included in my presentation some of the comments from those who responded to the consultation. One came from a rugby club that said that, in this professional era, this measure:

"will significantly aid the clubs to lower debts/level balance sheets."

In the public meetings that we held, it came up that a lot of clubs want to expand their services and to build new stands and new club rooms. They are factoring in the additional rates costs that that would have year-on-year, so it is preventing them from doing those things. Although they would gladly meet the upfront capital costs for such expansions, they are wary of having the additional rates cost year on year and believe that that is putting those projects beyond their reach.

Another correspondent referred to the epidemic of obesity, especially among our youth. They said that it is the promotion of:

"amateur sports participation that will prove the most cost effective method of preventing soaring health costs that will cripple our economy. The small loss of revenue from rates exempting amateur clubs is more than compensated by it being a significant investment in proactive health care."

I thought that that was a very interesting term to use. Another respondent said that this would take the burden off local councils to provide for local communities, so they agreed with the Bill.

That is a brief overview of where we are at the moment, Chair. I will pass over to Katie to give a brief introduction to her role and her views on the Bill.

The Deputy Chairperson: Before we go any further, Daithí, can I ask you to formally declare an interest as the Bill's sponsor and as Chair of the Committee? That is just to keep everyone right.

Mr McKay: Thank you, Chair. I thought that I had declared that interest, but I stand corrected. I declare that interest.

The Deputy Chairperson: Thank you very much.

Ms Katie Nixon (Northern Ireland Sports Forum): My role is executive manager of Northern Ireland Sports Forum, and we are the representative body for all governing bodies of sport. Although our primary aim is to work with and support governing bodies, obviously a lot of their work cannot be done without their clubs on the ground delivering at grass roots level.

The Northern Ireland Sports Forum has for many years campaigned for rates relief for sports clubs in Northern Ireland. It is really a parity issue that is about bringing us into line with sports clubs in the Republic of Ireland, England, Wales and Scotland, which can all, in some way, shape or form and depending on legislation, avail themselves of 100% rates relief.

That is a brief introduction. I am here more to answer questions and to deal with details that may come up.

The Deputy Chairperson: Thank you very much. Does any other witness want to speak? If not, we will move on to questions. Thanks very much for the presentation, Daithí. You said that the relief in England and Wales was the same as it is here, at a rate of 80%, but that England, Wales and Scotland have the discretion to waive the other 20%. Do you have any indication of the extent to which that is being used?

Ms Nixon: I know that it is used widely in Scotland, because it is something that they have pushed through their councils and legislation. To avail themselves of the 80% rates relief in England and Wales, clubs must be registered as a community amateur sports clubs. Around 40% of sports clubs in England and Wales are registered as such. That is their level of rates relief, and they are able to avail themselves of the extra discretion. Given that the discretion is matched by the Treasury, there is no objection from councils to doing that.

The Deputy Chairperson: You say that it is matched by the Treasury. Can you give us more detail?

Ms Nixon: No, not really. All I know is that it is clawed back at the end of the financial year, so the councils themselves are not out of pocket.

The Deputy Chairperson: That is for the cost of it; right. Would it be the same if we had discretion here, or would that have to be negotiated?

Ms Nixon: We did not speak to every council, but those we spoke to were largely in favour of it. They would be happy to implement this discretion, but that is not really what we are proposing today. Anyway, we want mandatory 100% rates relief for sports clubs providing amateur sport.

The Deputy Chairperson: Daithí outlined clearly the many benefits that would attach to 100% relief, but a lot of people will say that that is fine and will ask what the costs will be. Have you done any work on that side of it?

Mr McKay: We tried to get some figures from the Department of Finance and Personnel, but few are coming back. One that we did get was from 2010-11 for rates paid by clubs with relief. That figure was £1.4 million, and it would have included non-community and amateur sports clubs in general. I have been on to the Department a number of times about that, and that is the extent of its knowledge of that. I do not know whether there is a difficulty in identifying sports clubs and getting that precise figure.

If it is the case that we are talking about costs between £1 million and £2 million, I do not think that that is a big cost in the context of the Bill. I was surprised at how low it was. I suppose with the present status quo, where you have 80% relief, perhaps it is not going to be a great cost. However, having consulted with some small rural clubs, I know that they are paying rates of £800 or £900 a year. Some with bigger facilities are obviously paying more, but they see that as a huge overhead in their small, local community. So, it would have a much bigger impact if it exempted clubs across the board rather than being left up to councils, which is what happens in England, Scotland and Wales. I believe that the costs that we can meet from the centre would be easier to implement.

The Deputy Chairperson: I am inclined to agree with you that it is not a huge cost. You mentioned the obesity epidemic and the drive to reduce it. There are costs to dealing with obesity and so on. Is there any way of estimating in figures the benefits that the Bill would bring?

Mr McKay: That is something that the Committee might want to undertake. There is certainly a lot of documentation from public health organisations on that out there already. I am sure that the Committee for Health has also looked at the saving that that would make to the centre. It is no secret that all political parties recognise that obesity and diabetes rates will have a huge impact on costs to the public purse over the next 10 or 20 years.

So, I believe that this will pay for itself in the longer term, especially when you consider that many clubs are holding back on capital expansion to build further facilities in urban and rural communities. If we could do away with the rates for such facilities, you would see a greater expansion of sports facilities throughout the community.

The Deputy Chairperson: Are you aware of any legal or practical considerations that are associated with the Bill?

Mr McKay: Not that I am aware of. We have considered that, and I believe that it is best to try to keep the Bill as simple as possible. We want to amend the Rates (NI) Order 1977 by simply adding this reference group to a list of qualifying groups for rates. The Bill is at a fairly early stage. We are open-minded and want to hear views from your Committee on the Bill going forward, and we are open-minded about taking different approaches to exempting amateur sports clubs from rates.

The Deputy Chairperson: Can you give us a rough timetable for the Bill from here on in?

Mr McKay: I will be meeting the Finance Minister next Monday, and, after that, I will meet with the Bill Office. After we receive final comments from the Committee and the Minister, we plan to go to the draftsmen to draft an initial Bill. I imagine that the Bill will probably come to the House after the summer. So, I hope to have this completed and through the Assembly by early 2015.

Mr Weir: Thank you for your information, Daithí. The Deputy Chair covered a couple of points. There are different options for us in how to take this forward, and I understand the attraction of the simplicity of having 100% relief for amateur clubs in all cases. There would certainly be an administrative quality to that as well. I note that, although there has been an argument that it is more generous in the South and across the water, none of those jurisdictions has gone for a complete 100% on everything.

I will take each point in turn. In England, Scotland and Wales, we are talking about 80% relief plus a discretionary allowance. It was mentioned how frequently that discretion is used. Are there particular criteria by which a club could qualify for the discretion, or is it simply down to a particular council's goodwill? Discretion is probably more attractive if there is some sort of clear rationale that says that a particular club is lucky to get the 80% but that another deserves the 100% or whatever. How would the discretion be employed?

Ms Nixon: The fact is that a club must be registered as a community amateur sports club to avail itself of the 20% discretion. So, in that way, there are a few clear processes that they must go through. It applies to amateur sport; you cannot have professionals and such things. The constitution has to be set up in a certain way that means that it is for charitable purposes as well. That is where the criteria stand.

Mr Weir: You mentioned the use of professionals, and there will be a wide range of responses from sporting clubs. Attitudes towards professionalism can differ from sport to sport. If you go to the highest level and take the example of rugby 30 or 40 years ago, you will see that you got a sort of sham amateurism, whereby everybody was officially an amateur, but if you played for your national side, there were ways of paying people. If you take cricket at the level of the Northern Cricket Union (NCU) level, the players are, essentially, amateur, but the rules enable a club at a certain level to hire one professional. Would that determine whether a club would or would not qualify if it had a professional? I do not know whether that is confined simply to that sport.

Ms Nixon: HMRC recently reviewed its rules on community amateur sports clubs, because this is obviously an issue. There is a limit, although off the top of my head, I do not know what it is. A professional can be paid up to a certain amount, but they must also be involved in a club. A lot of cricket clubs, for example —

Mr Weir: They do coaching and that type of thing.

Ms Nixon: They will coach their junior teams and things like that. So, that is how they can get round it. It is not a blanket ban on paying any of your athletes, but there are limits. There is guidance from HMRC in line with that.

Mr Weir: There is also the comparison with down South. Again, I appreciate that there is a lot more research than that which we have here. Land being developed for sport is fully exempt. How is that interpreted? What if a club were looking to put out a second 11 or third 11 — whatever it happens to be for that particular sport — or was looking to get an extra pitch or something of that nature? That would clearly qualify under those circumstances as land being developed for sport. If, for example, you had a situation in which you had a clubhouse that was used largely for social purposes to try to fund the club, would that count as land for sport purposes? Say you are expanding the clubhouse and making an extension to the bar. How is that interpreted in the Republic? Do you know?

Mr McKay: I am not sure entirely. That is one of the issues that were raised in public meetings in the consultation. A number of cricket, GAA, soccer and rugby amateur sports clubs have bar facilities. A number of clubs wanted bars to be exempt as well, because the profits from the bars go right back into the amateur sports clubs. We are in the process of carrying out some research to see whether that is the case in England and Wales. I heard that it was, so we are waiting to get that work. That is something that I would like a view from the Committee on as well.

Mr Weir: Specifically, I am making a judgement from what you said about the position in the Republic, where land for sport is fully exempt. What about land that is connected with an amateur sports club? Let us take something less contentious, such as a pavilion that wants to put in additional changing facilities to accommodate extra teams or whatever. Does that count as land that is developed for sport, or does it simply mean the playing surfaces? Again, it would be useful if we could see how that is interpreted.

Ms Nixon: As far as we are aware at the minute, only the land that is used for playing the sport is exempt.

Mr Weir: I appreciate that, from a simplicity point of view, going to 100% has certain administrative advantages etc. One way or the other, the money is probably not a big issue on that side of things. Whereas other jurisdictions appear to gone a bit further than the situation here, all of them have taken

what might be described as a nuanced position, rather than simply going for the blanket position. If any amateur sporting club were asked whether it wanted to move to a position in which it would pay zero rates, it would be a no-brainer for it to say, "Yes, we want that".

There is another side of the coin. Bar facilities were mentioned. If you take any action, it will have ripple effects elsewhere. What level of consultation have you had with business organisations, particularly the licensed trade, about that? They might feel that money is being given over and, in many cases, is being used simply to expand the club facilities or to provide a bar, and, because they do not have to pay x thousand in rates, it would be ploughed into providing cheaper membership fees. They could see a potential downside. What level of contact or discussion have you had with the licensed trade on this?

Mr McKay: In the initial consultation, we did not foresee any issue with the businesses to which you refer, but it became one of the major issues in the consultation. The Minister said that it may affect something that we need to look at. So, we recognise it as something that you need to consult other groups about as well.

Mr Weir: Therefore, at this stage, you have not met Pubs of Ulster, some of the licensed victuallers or people of that nature, but, given the fact that the issues have been raised, that is on your agenda.

Mr McKay: Yes.

Mr Mitchel McLaughlin: Hello. It was a very good presentation. The respondents seem to reflect a very comprehensive group. We can presume from their encouragement that their responses were generally positive, even if there is a spectrum of expectations and comments. Is it true, in the first instance, that that represents support?

Mr McKay: Absolutely.

Mr Mitchel McLaughlin: Were there any objectors in, say, the amateur sporting fraternity?

Mr McKay: There were a couple of objectors. I think that there were five respondents that objected to it and 1,022 that supported it. Therefore, there was minimal objection, really. There was none from any significant organisations in the sporting sector.

Mr Mitchel McLaughlin: Did you speak to the Sports Council?

Mr McKay: Yes.

Mr Mitchel McLaughlin: What was its view? You may have mentioned it already, and I missed it.

Ms Nixon: The Sports Council does not really take a view on it. It does not really see it as necessarily its role to work that directly with sports clubs. It funds governing bodies of sport, not clubs. The club sector has always very much been left to its own devices. When our organisation started to work on this a few years ago, we worked closely with the Sports Council. It was largely supportive. I know that, a few years ago, a paper went to its board and was accepted in principle. It was just tough to keep the momentum behind that going when Sport NI was pulled in all sorts of directions. I do not see how any organisation whose job it is to lead and develop sport in Northern Ireland could object to this in principle, because it essentially would be investing more back into grass-roots sport, which is incredibly important for the governing body sector to support.

Mr Mitchel McLaughlin: Clearly, it is a stakeholder in this. As the Bill progresses, it will have to take a position, given that quite a lot of its funding applications, at least in part, deal with the costs and overheads that are involved for those organisations, which it is doing very good work to support.

My final point — obviously, I support this approach — is on the whole question of the ownership of premises, which Peter was kind of coming on to. Is that a qualifying condition? How do we deal with the particular technicality if, say, an amateur sporting organisation is in leased or rented premises?

Mr McKay: That point has not actually been raised. The clubs that responded mainly own their own premises or use public premises that are owned by the council. They wanted the option to go outside of doing that. Perhaps it is a grey area that we have not looked at, but we will certainly do so.

Mr Mitchel McLaughlin: I am just drawing attention to it. I actually know immediately of an area in my constituency where there is a boxing club in rented premises that are in a very poor condition. The club is not in a great position to develop the premises either financially or legally because it does not own them, but it is paying rates and all the rest. Therefore, I suggest that you look at that area, because it will come up. Best of luck. I think that it is good project. Well done.

The Deputy Chairperson: I think that the point that Mitchel raised is a possible issue. I have come across one example in my constituency in which there are difficulties around doing that. It may be useful to ensure that any difficulties that might arise in that respect are ironed out early on.

Out of interest, I wanted to ask about the five respondents that did not agree with the proposal. It seems quite strange. Did they give any reasons for their non-agreement?

Mr McKay: I think that they were just spoilers, to be honest. I think that they were just individuals, as opposed to sizeable clubs. All the clubs and organisations were in agreement.

The Deputy Chairperson: They were not clubs. They were individuals rather than clubs. OK. Thanks very much.

Mr Cree: My question is on shared premises, where there are professional and amateur clubs in the same complex. How do you see that being dealt with? Do you see that being done as a separate revaluation?

Ms Nixon: By and large, that is not very common in the sport sector here. I do not know whether you are thinking of a specific example.

Mr Cree: There are examples of professional clubs encouraging amateurs to be on the same campus.

Ms Nixon: A rugby club such as Harlequins or something? That has to be looked at. If we apply the community amateur sports club (CASC) scheme criteria, that will remove a lot of those issues, because there will be stringent rules on what is professional and what is amateur, and that may take away some of that grey area. Some of the larger professional clubs would not be able to avail themselves of the scheme because of that and because they are profit-making as well. One of the key parts of CASC scheme is that it should not be profit-making and that all profits should be reinvested into the sports club. That will have to be considered depending on how the Bill goes forward.

Mr Cree: So you do not have a plan A to deal with that.

Ms Nixon: Not us personally, no. We are not responsible for drafting the Bill. We want the financial burden to be taken away from the sports club sector while being mindful that you will not be able to please everyone and that there will not be a one-size-fits-all approach. There will have to be some discretions applied as well.

Mr Cree: It is very important that there be a clear division right from the outset and no scope for aiding and abetting things other than what the Bill sets out to do.

The other point that I consider a problem has been touched on, and that is social clubs. To other vintners, it is unfair competition. I know, for example, that they moan about social clubs already. The whole bar trade is not going through a very good period, but a situation in which a social club is not paying rates must be addressed.

Mr McKay: We want to find out what the situation is in the South and in England, Scotland and Wales, because the argument that came from the clubs quite forcefully — I played devil's advocate at a number of presentations — is that their purpose is to serve the community and that the profits from the bars are going back into the club, and thus it is not the same as a business. That will be one of the main issues with the Bill, I predict, as it goes through the Assembly, and it is an issue for the

Committee to consider. We want to establish what the situation is elsewhere in order to see the experiences there and the impact that that has had or not had on businesses.

Mr Cree: One of the dangers is that social clubs have a big social membership. Quite a few of those people are perhaps not really involved directly with the club or do not even have a lot of interest in sport but see the club as a cheap place for a pleasant evening and subsidised beverages. That needs to be looked at, bearing in mind that you are competing for that sort of market with other vintners.

Ms Nixon: The Committee should be aware that profits from social clubs are the only income that many sports clubs have to rely on. Very few get income from councils or public funding. If they do, it is in the form of very small grants or very specific things. Social areas and bars are absolutely essential to those clubs that have them.

Ken is involved with the Belfast Indoor Bowls Club, which is a massive facility, and the bar is absolutely essential to the running of his club. Without that, you are talking about much higher subscription fees for the members who are there to play sport. It is a difficult one, and we can certainly foresee objections to it. We are perhaps open to having just the playing areas exempted.

Mr Ken Armstrong (Belfast Indoor Bowls Club): Thank you very much for the opportunity, gentlemen. As has been said, I am secretary of the Belfast Indoor Bowls Club. We have 1,100 members, give or take. At this time of year, clubs do their audit. We have just done it, and we made a loss of £13,000 last year. We can deal with that. It is not a problem, but we have budgeted for paying rates next year of £13,000. If we did not have the rates, we would be breaking even. That is apart from the increase in lighting and utility costs that Mr McKay has already mentioned.

We are a cross-community club, and we go from eight to 80. We deal with everybody, but, at the same time, we are trying to expand through saving money on utilities by using photovoltaic (PV) solar panels, and so on. We cannot invest in those until we see our way clear. If we had the rates removed, £13,000 would be a massive help for us. There is no doubt about that.

The Deputy Chairperson: Some golf clubs are privately owned and privately run. Some of them are privately owned and run by the voluntary membership. How would they fit in under the scheme?

Mr McKay: That is one of the reasons that we are using the CASC definition. Any club that will qualify for 100% rate relief will have to meet the community amateur sports club scheme conditions. Broadly speaking, clubs have to be open to the whole community, be organised on an amateur basis and have as their main purpose providing the facilities for and promoting participation in one or more eligible sport. Any clubs that can reach that threshold will qualify, and I imagine that a lot of clubs will not.

The Deputy Chairperson: Regardless of whether the ownership is in private hands or not.

Mr McKay: Yes.

Mr McQuillan: Chair, you asked a question that I was going to ask about golf clubs.

Daithí, another point comes to mind. Did the respondents to your consultation say that they were paying rates currently? As Ken said, if they were not, that would encourage them to have their own premises or move out into premises rented from the council or wherever. Did you get any feedback on that?

Mr McKay: We are saying that we want a 100% exemption and that that should be absolutely clear because there seems to be a lot of disparity in the rates system for sports clubs as it is. We found that some clubs were paying rates on a stand but not for their changing rooms, and almost vice versa in another case. There is a lot of disparity. Some riding clubs were paying rates and some were not. We saw in a lot of cases that the system is not being applied equally across the board. A number of clubs indicated that they would like to have their own premises and would be more minded to do so if they did not have to pay rates. There are a number of small clubs that are willing to expand and build facilities such as extra pitches for young people if they do not have to pay rates on them. They cannot do so currently because of the credit crunch and the financial pressures on their club. If we could relieve the rates burden, they would build those premises quicker.

Mr Girvan: I apologise for coming in late. Sometimes, there is a necessity to have a social club attached to a sports club. I appreciate that it has to be recognised by the Sports Council as being a proper club. What mechanism do you believe can be put in place to ensure that people do not set up a sports club with no other intention than to get the rates exemption? Yes, those clubs might well have two or three token members who are supposedly involved in sport, whether that be tiddlywinks or whatever — I know that that is not recognised as a sport, as I was told so, so something else. That would impact on the licensed traders, who are vintners from the vintners' association.

It is really just a club to sell alcohol. How do you ensure that you are actually dealing with clubs that are genuine? Having dealt with many clubs, I know that there is a desire from them to go down this route. What is in place to ensure that you do not have those who want to abuse the system?

Ms Nixon: As far as I understand it, I think that there is a provision currently when applying rate relief that a certain proportion of the club must be solely for the purposes of pursuing amateur sport.

Mr Armstrong: It is part of the CASC scheme criteria.

Ms Nixon: Yes, so there is provision. Applying similar criteria to that, at least 40% of a club's members must be playing members. Unfortunately, I do not have the figures in front of me.

There is tax relief for sports clubs at the minute, so there is a lot of legislation, rules and regulations around this anyway to ensure that it is not entirely abused. You are absolutely right to say that it could be open to abuse if we gave blanket discretion, but if we follow HM Revenue and Customs (HMRC) rules and current rating rules, it should not be open to abuse.

Mr Girvan: Do you not think that this should come about alongside a review of registered clubs legislation? I have dealt with this in my constituency. We have one football club, and it and the social club have had a falling out. As a consequence, they have split and are different identities. They stand alone totally, and the social club is not contributing to the football club at all.

The loophole is in the Licensing and Registration of Clubs (Amendment) Act for the social club to do that, so we need to check that the two clubs are married. It is a question of the overall cost. I appreciate that clubs can receive an 80% reduction now, but have any indicative calculations come back from DFP about the other 20%? Have you requested anything from DFP on what that would amount to as a reduction of revenue back into Land and Property Services (LPS)?

Mr McKay: The overall cost?

Mr Girvan: Yes.

Mr McKay: A figure of £1.4 million was the latest estimate that we got, and it was for 2010-11. That would also include non-community and amateur sports clubs at the moment, so it is a minimal cost in the overall tax take.

The Deputy Chairperson: In the light of some of the points raised — for example, the question around premises and lands that are leased and other points raised about social clubs — do you intend to do any further research?

Mr McKay: Yes. We have already commissioned research into the use of social clubs in England, Scotland and Wales. Our intention is to consult the business community, Pubs of Ulster and the vintners' association, so there is a possible wider impact that we need to take into account. We will meet the Minister next week, so we will be under no illusion about his position on the Bill and any concerns that he, DFP or LPS has.

We would like a view from the Committee as well on how we craft the Bill. We may decide to keep it general at First Stage and it may then be open to the Committee to make amendments as the process moves forward.

The Deputy Chairperson: Are you happy to keep the Committee informed about any additional information that you receive and think may be relevant?

Mr McKay: Absolutely.

The Deputy Chairperson: OK, thank you very much.

Ms Nixon: There is just one point that I want to make the Committee aware of. Since the introduction of the private Member's Bill, the charities legislation has been enacted. Obviously, that adds another dimension to the discussion, in the light of the fact that sports clubs will be compelled to register as a charity or a community amateur sports club. Registered charities are able to avail themselves of 100% rate relief. We are concerned that, once you are registered as a CASC, you cannot phone up HMRC and deregister unless your constitution or the purpose of your club changes significantly. There is a concern that we could be moving into a very inequitable state in the club sector because those clubs are already CASC-ed and do not have the option to register as a charity. That is something to be mindful of. The legislation would ensure that that would not happen and all sports clubs were given equal footing for their rates bills. That is important to remember in that context.

The Deputy Chairperson: OK. That is grand. There are no further questions. Thank you very much, Daithí and your team. No doubt we will meet at Committee Stage. Thank you very much.