

MINUTES OF EXECUTIVE MEETING: 9 MAY 2002

Those present: First Minister
Deputy First Minister
Minister of Culture, Arts and Leisure
Minister of Education
Minister for Employment and Learning
Minister of the Environment
Minister of Enterprise, Trade and Investment
Minister of Finance and Personnel
Minister of Health, Social Services and Public Safety

In attendance: Secretary to the Executive
Assistant Secretary to the Executive
Director of Central Finance Group, DFP

INTRODUCTION

Apologies

1. Apologies were received from the Minister of Agriculture and Rural Development.

Circulation of Executive Papers

2. The Chairman advised that all the papers for the meeting had been circulated to the Minister for Regional Development and the Minister for Social Development.

AGENDA ITEM 1

E (02) 67: REVIEW OF RATING POLICY

3. The Minister of Finance and Personnel presented the paper to the Executive and tabled a revised foreword as attached at Annex A.
4. The Executive agreed

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- (i) the consultation paper for issue with the revised foreword;
and
- (ii) that it should be issued to the Committee of Finance and
Personnel for comment.

AGENDA ITEM 2

E (02) 64: PPP WORKING GROUP – REVISED DRAFT EXECUTIVE RESPONSE

5. The Minister of Finance and Personnel presented the paper to the Executive.
6. Following discussion, the Executive agreed the revised response as attached at Annex B.

Reform and Re-investment Initiative – update

Project Board

7. The Chairman circulated to Ministerial colleagues a letter which set out the details of the Project Board and invited nominees. The Executive noted that this matter would be discussed at the next Executive meeting.

Ebrington Barracks

8. The First Minister provided an update on the position in relation to Ebrington Barracks. He informed the Executive that he and the Deputy First Minister had appointed Dr Alan McClure and Ms Una McGillon to co-chair a partnership and regeneration panel to advise on how best to tackle the strategic revitalisation of the site.
9. The Executive recognised that, in relation to the other sites which had been given to the Executive, the panel model would have to be modified depending on the nature and scale of each and that a flexible

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12. and open approach to such discussions would be required. The Executive also noted that legislation could be required to implement the development projects.

AGENDA ITEM 4

AGENDA ITEM 3

E (02) 65: HARLAND AND WOLFF

10. The Chairman introduced the letters from the Minister for Regional Development to the Executive and tabled a letter from the Minister of Enterprise, Trade and Investment regarding the imminent issue of redundancy notices at Harland & Wolff together with additional information from the Minister of Enterprise, Trade and Investment and the Minister for Regional Development that had been requested by Ministerial Representatives.
11. Following discussion the Executive agreed that
- (i) the Minister for Regional Development should be advised that the Executive had approved the amendment to the lease of 80 acres of land within the Harbour Estate described in his letters;
 - (ii) appropriate monitoring arrangements involving DRD, DETI and DFP should be put in place to ensure implementation of the agreed arrangements; and
 - (iii) the Minister for Regional Development, the Minister of Enterprise, Trade and Investment and the Minister of Finance and Personnel should take forward contingency planning for any future land disposal issues which might arise in relation to the remaining core land in the Harbour Estate.

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12. The Minister of Enterprise, Trade and Investment agreed to advise the Executive of the Heads of Agreement.

AGENDA ITEM 4

E (02) 68: OPEN-ENDED INVESTMENT COMPANIES BILL – APPROVAL TO INTRODUCE

13. The Executive endorsed the introduction to the Assembly of the Open-Ended Investment Companies Bill.

AGENDA ITEM 5

E (02) 69: LOCAL AIR QUALITY MANAGEMENT BILL – POLICY MEMORANDUM

14. The Executive approved the Policy Memorandum in relation to the Local Air Quality Management Bill.

AGENDA ITEM 6

E (02) 70: STRATEGIC PLANNING (NI) BILL –POLICY MEMORANDUM

15. The Executive approved the Policy Memorandum for the Strategic Planning (NI) Bill.

AGENDA ITEM 7

PRESS RELEASE

16. The Executive agreed the press release for issue after the meeting.

AGENDA ITEM 8

DATE OF NEXT MEETING

17. The Executive noted that the next meeting would be held on Thursday 16 May 2002.

Foreword by the Minister of Finance and Personnel

Rating is a complex and wide-ranging subject that affects the vast majority of households and businesses in Northern Ireland. Like any taxation issue, it gives rise to strong views and opinions that can make it difficult to establish what can be done to serve the best interests of the community. The consultation process of which this paper forms part is the Executive's way of seeking the best way forward.

On 2 May 2002 the Prime Minister, the Chancellor of the Exchequer, the First Minister and the Deputy First Minister announced a Reinvestment and Reform Initiative for Northern Ireland. A central part of that Initiative is that the Executive will have, from 2004-05 onwards, a new power to borrow to finance infrastructure investment with the loans being paid for by additional local revenue. Immediately after this announcement, I made it clear that this power could only become a real option if we first achieved a reformed and fair system for local revenue. The Review of Rating Policy is at the heart of this issue.

The Executive embarked on this Review long before it started to explore the possibility that additional revenue might be linked to a possible new borrowing power. The need for the Review arose because it inherited an unreformed revenue system based on principles and valuations that were last revised thirty years ago. The current system has many shortcomings, inequities and anomalies that we need to address whether or not there is a link to the spending plans.

Rates are a property tax that raise large sums of money to supplement the Northern Ireland budget and thus support vital services such as our hospitals, schools and roads, as well as directly funding the essential work carried out by our District Councils. Furthermore, many challenges lie ahead in making

Northern Ireland a better and more prosperous place to live and work. If the Executive's Programme for Government is to be fulfilled, the means of providing revenue to support the delivery of commitments made must be established on a sound and equitable basis.

In considering the possible scope of reform of the Rating system, we have examined both the evidence in relation to the existing system here and experience elsewhere in the world. In consultation with the Department for Regional Development, which has direct responsibility for water and sewerage services, we have also identified possible options for the future funding arrangements for those services. We will need to consider what may be the fairest and most affordable ways to provide for them in the future. Now we are seeking views from householders and businesses that contribute to public services through the rates they pay.

Thus the focus and purpose of this Review is to move towards a local revenue system that is fair and takes account of the wider economic, social and environmental policies in the Executive's Programme for Government. This means looking at how the burden of revenue is distributed, between households and businesses and within each sector. Having a fair system will be fundamentally important if the Executive and the Assembly were to choose, from 2004-05 onwards, to raise more locally to finance reinvestment in our ageing infrastructure – our hospitals, schools, public transport and water and sewerage systems. The opportunity arising from the new borrowing power has given this Review added impetus and importance.

Some hard choices lie ahead and there is broad agreement that reform of the Rating system is necessary and in some instances inevitable. However, the Executive has a genuinely open mind on how such reforms should be implemented. Furthermore, it will not be proposing rate increases above the pattern of recent years until the system is reformed and we have a local revenue system that is demonstrably fair. We shall not make any final decisions on the options outlined in this consultation paper until we have considered your responses. Everyone can rest assured that any major

change that occurs will be phased in gradually and that genuine hardship will be avoided through transitional measures.

To make the consultation paper as accessible and straightforward as possible, we have only addressed the most central issues in the main document and highlighted clearly the twelve key issues on which comments and views are most needed. For those who want to understand the subject in more detail or to access some of the analysis that underpins the Consultation paper, we have produced supplementary annexes that can be found on the DFP Rating Policy website at www.nics.gov.uk/ratingpolicy/ and which are also available by post on request.

Everyone who reads this Report will look at its effect on them as an individual householder or businessperson and we expect a divergence of views on many of the issues. It will not be possible to devise a Rating system that satisfies everyone but we are determined to achieve one that is effective, yet balanced and broadly acceptable. We need an acceptable revenue system to support our public services and we need your help and input to find how best to proceed.

DR SEÁN FARREN