FOLLY FOR FOLLY

The Valuation for Rating Bill

The Government has decided to scrap the whole of Part IV of the Local Government Act, 1948, with its provisions for assessing the rateable value of dwelling houses. Those provisions created distinct groups and sub-groups of houses and applied different methods or standards to them according as they were built before or after 1918, were municipally or privately owned, or came within or were outside the rent-restriction limits. In the case of all the larger houses (those outside the rent restriction limits) and all houses large or small built before 1918, the rateable value was to be fixed by reference to the rents that were ruling for similar houses in 1939. In all other cases the rateable value was to be fixed at a percentage of the sum made up of the 1938 hypothetical cost of construction* plus either the 1938 hypothetical site cost (for municipal houses) or a figure representing the 1939 value of the site, in the case of privately built houses. The responsible valuers were faced with impossible tasks. The whole scheme of things broke down. Standstill legislation (the "Postponement of the Valuation Lists" Act) had to be passed, the Government undertaking to discover some "formula" that could be made to work within the intentions of the original 1948 Act.

Instead of that, the Government presented, on May 8, the "Valuation for Rating" Bill to start afresh with the assessing of dwelling houses. Its object is to repeal the Part IV provisions of the 1948 Act and to substitute for all dwelling houses, irrespective of age or size or type, one basis of assessment. In this there is at least simplification and standardisation; but that is all that can be said for it. Administratively, and as the law is, something must be done to get houses on the assessment rolls otherwise the revised assessments of all properties, including shops, business and commercial premises, etc., cannot in justice take effect. And now it is thought that the work will be completed not later than in the year 1956; until then, the rates will continue to be levied on assessments dating back to 1934.

Simple as the "Valuation for Rating" Bill is in its provisions as compared with those of the 1948 Act, it will prove to be no more workable. The preposterous duty is imposed on the valuer to determine what the rent of a house would be if it were being let in June, 1939, and he has to take that for his basis of the rateable value; he has to transport himself and the house and all the surrounding 1953 local conditions and developments back to 1939, imagining that they existed in that place and at that time. However could any one test, or contest, or prove, or defend assessments made on such extravagant assumptions? But there are many other points. The Bill bristles with them. A private garage belonging to a dwelling house, if its floorage is not more than 240 sq. ft. will be assessed at its 1939 rental value; otherwise a garage will be assessed (like all properties other than houses) at its 1949 rental. If the dwelling house is partly used as a shop, the building is to be "split" so that the two parts of the house will be separately assessed, one part at its 1939 rental and the other at its 1949 rental. If in a house more than a limited number of rooms are let to lodgers, it ceases to be a "dwelling" and becomes a boarding house or hotel, and as such, on the basis of the 1949 rental, it will be assessed. Nor can any residential part of a "split" property be treated as a dwelling, if such part is estimated to make up less than 10 per cent of the rateable value of the whole.

The subject needs lifting to a much broader plane. But enough of criticism of the kind. The existing system of local taxation is wholly condemned. With every attempt to patch it, so its anomalies and injustices become more glaringly evident.

* These costs were determined in accordance with specifications circulated by the Ministry, and copies of them were printed in our previous issue.

THE LIBERAL ASSEMBLY

The Liberal Party Assembly, meeting at Ilfracombe, April 9 to 11, accepted the principle of the gradual abandonment of guaranteed prices and assured markets for agriculture, called for the collection of the unearned site value of all land *in place of the development charge*, urged the repeal of *industrial* de-rating and reaffirmed its faith in free trade.

The Executive Committee's motion on agriculture was moved by Mr. James Lewis, of Reigate, a tenant farmer who works 300 acres. It called for revision of the arbitrary right of the Minister of Agriculture to dispossess owners or occupiers of farm land on grounds of bad management, the termination of county agricultural executive committees and agricultural land tribunals and the gradual abandonment of the guaranteed price system. There was a sharp division of opinion between the unrelenting free traders and those delegates who saw in the motion a threat to the growth of home agriculture, which resulted in the motion being somewhat watered down. As passed the resolution called for the full maintenance of security of tenure for efficient farmers, maintenance of the county agricultural executive committees' advisory service, but no sanctions against people with out recourse to the courts, and gradual abandonment of price and market control and of restrictions on free imports of feeding stuffs, fertilisers and farm machinery.

The resolution on free trade reads: "This Assembly reiterates its belief that Free Trade is the only sound fiscal policy for Britain, irrespective of the attitude of any other State. It recognises that the conquest of inflation and the restoration of the convertibility of sterling are essential to the fulfilment of the Free Trade programme. It further urges firstly that protective tariffs be progressively removed on all other ranges of products and that quantitive restrictions be likewise abolished." The resolution called for the repeal of the McKenna Duties Act, 1915, the Safeguarding of Industries Act, 1921, the Safeguarding Duties Act, 1925-28, the Import Duties Act, 1932, and the Ottawa Agreements Act, 1932.

The resolution on site values as passed after amendment reads: "This Assembly urges the Government to include in its promised Town and Country Planning legislation full provision for returning to the community the unearned site value of all land in place of the inequitable and cumbrous development charge." It is unfortunate that this resolution as worded conveys the impression that the rating and taxation of land values is a substitute for the development charge.