of ratepayers. Last July, at their conference at Oxford, our own National Union of Ratepayers Associations called on the Government to hold an inquiry into its application here.

According to a report published in New York by the International Research Committee on Real Estate Taxation, after a world-wide survey sponsored by local government experts in Canada, the U.S.A. and the United Kingdom, there is no doubt about what such an inquiry would reveal.

In the first place, says the research committee, the lifting of rates from bricks and mortar encourages property-owners to erect good-quality buildings instead of leaving valuable sites idle or cluttered with unwholesome hovels and slums.

This, in itself, reduces the tendency to swallow up the countryside with developments that ought to take place in towns.

In the second place, by bringing more land on to the market, it lowers the price of land and cuts the general cost of living.

And in the third place it ensures that a proportion of the benefits of economic growth and urban development—the things that give land its value—would come back to the community at large.

The report shows, too, that the main burden of the rates would be switched from the residential outskirts of towns to the valuable properties in the centres.

In Beckenham, it has been estimated, the rates of householders would come down by something like 50 per cent, thus following a pattern common in Australia and New Zealand for towns of similar size.

Here, then, are the choices before the Minister of Housing and Local Government as he contemplates the rating set-up for the 'sixties.

1—Change to a local income tax and take another 2s. 1d. in the £ from our wage-packets;

2—Rate the sites alone as they do "Down Under";

3—Cling to the present antiquated system and face the wrath of 15,000,000 householders.

Mr. Brooke, you have until 1963.

Muted Call For Reform

Extract from the executive committee's report to the London Labour Party. The report was accepted at the Party's annual conference in March, 1960

RATING OF SITE VALUES. The rating of site values could be used as a revenue raising system to replace the existing rating system completely. If, however, the present basic method of local government financing is to remain (and the view expressed in this Memorandum is that it will), the rating of site values at low site rate poundages could be operated to provide supplementary local authority income.

The principal arguments in favour of site value rating are as follows :

(a) Site value rating encourages the development of land.

(b) Site value rating is a tax upon a private value (*sic*) created from community influence, and public expenditure.

(c) A site rate is borne by the site owner as distinct from the occupier and thus is more equitable than property rate.

Each of these arguments is briefly examined.

Land Development.

At present no rates or taxes are payable in respect of unimproved sites. Sites, like empty properties, can be deliberately kept vacant in anticipation of higher market values. The compulsion to pay a site rate on unimproved sites would tend to encourage the site owner to make the site an "earning site" and would therefore encourage development.

The question of how far full development of land in the physical sense is socially desirable in already congested areas needs to be considered. Local authorities could exercise some safeguards against undesirable development through the use of town planning powers. In encouraging land development, site value rating would not weaken local authority control over such development.

Community Influences.

Perhaps the strongest argument in favour of site value rating is that land values increase as a consequence of community action.

It seems right that the community should receive some financial share in the gains arising from its actions. Land values owe nothing to the productive efforts of the site owner—is it not reasonable that some portion of this accrued, unearned wealth should be devoted to community purposes and services ?

Rate Liability.

The theory of site value rating is that the site rate is borne by the site owner and not the occupier. It is probable that the legislation to provide for site value rating would need to establish clearly the liability for the site rate and afford some protection for tenants against consequential rent increases. A rate on site values would be a tax upon the site, the imposition of which would not affect in any way an existing contract between landlord and tenant.

Not everyone is agreed however, on the practicability or desirability of site value rating. As recently as 1952, the Committee of Enquiry on the Rating of Site Values

(Erskine Simes Committee) reported against the rating of site values. The main conclusion of the Majority Report was that the development charge provisions of the Town and Country Planning Act 1947 made it administratively very difficult to introduce a scheme and in any case the community did benefit from community activities through the operation of the development charge.

Under a Tory Government the development charge has now disappeared and with it the main prop supporting the Majority Erskine Simes Report.

The London County Council has twice, without success, promoted Bills designed to empower the Council to introduce site value rating. In 1901 there was the "Site Values (London) Rating Bill" and in 1938 there was the "London Rating (Site Values) Bill".

The 1938 Bill was originally to be introduced as a Private Bill by the Rt. Hon. Herbert Morrison, M.P. (now Lord Morrison) but the Speaker ruled that the matter was of wider importance than could be provided for in a Private Bill. On February 15, 1939, leave was sought and refused to bring in a Public Bill on the Rating of Site Values under the ten minute rule of the House of Commons.

The L.C.C. Bill provided for a valuation to be made of the annual site value of every land unit in the County of London. The valuation was to be based on an assumption that every land unit was a virgin site with no buildings on it with surrounding units developed as they in fact are developed. Site rate poundage was to be 2s 0d in the £ on the annual value.

No estimate exists for the annual or capital site value in this country. The possible site rate yield is therefore an unknown quantity. Nevertheless the following figures relating to the County of London are an indication that the yield would not be inconsiderable.

In 1896 the rateable value of property in London was some £35.8 million. It was felt at that time that the annual site value was probably equivalent to 42 per cent of the total rateable value. The estimated annual site value in 1896 was in round figures some £15 million.

By 1936 the rateable value of property in London was £60.5 million (net annual value £65 million). Using the 42 per cent formula (assuming that valuation ratios remained substantially the same between sites and buildings) the estimated annual site value by 1936 has become £27 million. If valuation ratios had shifted in favour of sites so that site values became equivalent to 50 per cent of total net annual value, the site value becomes £32.5 million. Concurrently the net annual value in London is £124.5 million. Taking the 50 per cent rule the annual site value could be £62.25 million. However this is on the basis of a revision of a rough estimate conducted 63 years ago and on the assumption that there has been but little change in the site/buildings values relationship.

Taking a site rate poundage of 2s 0d in the £ again, if the figures above are accepted as a very approximate estimate, the annual yield of a site value rate in London would be of the order of £6.25 million. If the figure is in error it is probably too low rather than too high.

Returning to the Erskine Simes Report, it should be noted that a trenchant Minority Report signed by Lord Douglas of Barloch and others took the view that even with the complications of the Town and Country Planning Act 1947, the rating of site values was a practical proposition. It was held in the Minority Report that the Majority Report's conclusions had been vitiated as a consequence of considering the practicability of site value rating before the desirability of such a scheme.

With the abolition of the Development Charge the views expressed in the Minority Report appear in even sharper outline. It should be noted however that the Minority Report conceived of site value rating as an alternative to the present system of improvements rating. However, as rating appears to be here to stay, rating of site values at low site rate poundages on annual value (with periodic re-valuations) could well be used as an additional and supplementary source of local revenue side by side with the present system.

FURTHER GAINS IN NEW ZEALAND

DURING recent months New Zealanders have prised local taxes off all buildings in a further area of more than 7,000 square miles of their country. This has been achieved by ratepayers themselves at democratically held polls in eight areas. The question before them was whether they wished to continue paying rates on the composite value of their properties—land and buildings taken together—or only on the site value of their land. The majority of those who voted in each of these eight polls chose land value rating. In Vincent County ratepayers were faced with the opposite question: did they wish to revert from land value rating (which has been in force since 1956) to paying rates on their buildings? They did not!

Seven of the polls were taken last November. Voting, etc., was as follows:

	For L.V.R.	Against	Area sq. miles	Population
Counties				
Westland	770	456	4,410	4,690
Grey	920	643	1,579	4,980
Horowhenua ...	1,817	695	544	9,610
*** County Towns**				
Wanaka (Lake County)	260	91		600
Urenui (Clifton County)	162	43		
Tokoroa (Matamata County)	328	52		6,000
Borough				
Palmerston	165	126		870
March 1960 polls				
Matakaoa County ...	289	66	295	1,840
Vincent County ...	726	567	2,922	4,807

During the same period there have been seven unsuccessful polls to adopt land-value rating.