

# The Government Grasps A Nettle

## Some Farmers Should Pay Some Rates

**G**INGERLY the Government has given qualified endorsement to one of the principles on which the case for land-value rating rests. In a White Paper, *Land Drainage in England and Wales*, (Cmd. 916), the striking comment is made (para 12) that when a river board extends its activities "it is only fair that the first call should be on farmers who are at present making no contribution towards the costs of the land drainage system serving their area." Where additional work is needed in the interests, of agriculture, "it seems equitable that . . . the cost of that work should fall upon the agricultural land in that area."

Indeed it does! So far as possible, the cost of providing and maintaining public services, whether provided by the central government, the local authority or some *ad hoc* body, such as a River Board, should always be borne by the beneficiaries. Individual liability should be related to the degree of benefit derived.

When farm land subject to flooding is protected and drained, who benefits—the owner or the tenant? Obviously the farmer does: he can produce more on properly drained land. He expects to have to pay a higher rent. Sooner or later he has to do so. Thereupon, he is, or should be, quit of any further liability.

The justice of apportioning the cost of land drainage between land owners is (or should be) self-evident. The White Paper states, however, that "a river board would be empowered, if they so desired, to levy a general drainage charge on all occupiers of agricultural land in their area . . ." (Para 16). Liability for special drainage charges (para 23) would be similarly borne.

That is unfair. A practical difficulty (the legacy of successive negligent administrations) adds to the unfairness. Para 17 explains: "As rateable values do not exist for agricultural land, this new charge would be based on the gross annual value of the property for purposes of Income Tax Schedule A . . ." This situation arises from the 30 year-old exemption of farm land from liability to pay rates. As a result, occupiers of well-improved properties will have to pay more than their neighbours who derive equal benefit from drainage works. A national valuation of the land value only (such as there is in Denmark) would have safeguarded against this inequity.

The White Paper states (para 25) that total drainage charges must not exceed 1s. in the £ on the gross annual value for the purpose of Income Tax under Schedule A. The Minister would be empowered, however, to vary this maximum by Order subject to affirmative resolution by Parliament.

Counties and county boroughs already have powers to undertake local improvement schemes in small areas where the setting up of a drainage district is unsuitable. These must not cost more than £5 per acre or £5,000 in all. Costs may be recovered from the *owners* of the land to be improved. To stimulate local authorities to use these powers, which have largely been neglected, it is intended (para 38) "to provide for a limit of £20 per acre, removal of the overall limit, and reference of objections to the Minister".

The Government's proposals are based on principles agreed by the four main Associations concerned, namely the River Boards' Association, the Association of Drainage Authorities, the National Farmers' Union, and the Country Landowners' Association. The principles were agreed after more than two years intensive negotiation, and were announced in the House of Commons last November 26.

Although they may be regarded as a small, hesitant step in the right direction, the new proposals fall short of the ideal. Australian (and Californian) experience shows that to assess such charges on unimproved site values is both practicable and popular. Scarcely a year ago the Victorian State Rivers and Water Supply Commission adopted that system — at the request of the farmer-dominated irrigation advisory boards.

### SOMETHING IN IT?

#### A Tory Minister Discusses L.V.T.

**I**N an interesting letter to a Conservative M.P. which we have seen, a prominent member of Her Majesty's Government confesses that he would not want to argue that there is nothing in the theoretical case for the taxation of land values. He suggests, however, that a fair and generally acceptable scheme would be difficult to devise and might result in efforts to realise land values. Further, he queries whether it is right "to single out one particular form of capital for taxation", adding a little inconsequentially that "land is already subject to heavy taxation through income tax and rating." Despite this, he recognises that there may be force in some of the arguments advanced in favour of taxing land values.

These objections have no substance; the merest puff will dispel them. Draftsmen have experienced no insuperable difficulty in framing a series of Bills for both the taxation and rating of land values in this country. In 1931 one was enacted although it was never allowed