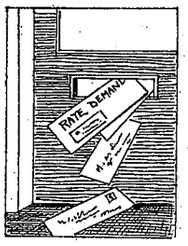
Ill Equipped for Criticism



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IN a submission of over one hundred pages of printed text the Labour Party has given its recommendations to the Layfield Committee of Inquiry on Local Government Finance.

Site value rating is mentioned and dismissed in less than half a page. Yet to have concentrated such error, misunderstanding and prejudice into this small space - as they have done - is perhaps an accomplishment in itself.

The "examination" of site value rating begins by saying that it is "a proposal sometimes put forward to expand the tax base of the local rating system by imposing a levy on undeveloped land." (This is the rating of vacant sites not site value rating.) This limited proposal is dismissed in one meaningless sentence.

"However, in the modern planning and development situation we feel it is now much less promising as a serious proposal than it might have been some years ago."

Next we get this: "S.V.R. could be collected either from owners of land or from occupiers. As far as owner-occupiers are concerned, it would make no difference. It could of course, make a difference for other occupiers, provided that if it were intended that S.V.R. levied on owners should not be passed on to tenants, there would have to be appropriate safeguards in the rent legislation to prevent this from happening."

Leaving aside the fact that if it were "intended" that the occupier should pay the site value rate on the owner's land site value rating would have no point, legislation to ensure that the site value rate was not passed on, would be like passing a law to ensure that water always found its own level.

That there would be some readjustment in the market between landlord and tenant following the removal of rates from the composite value of land and buildings, does nothing to invalidate this.

It is accepted by all economists that a tax on pure site value is born by the owner of land and cannot be shifted on to someone else. The abysmal lack of understanding of the principles of site value rating is evident in the next paragraph:

"If an S.V.R. levy were collected from occupiers, we believe it would produce far more serious anomalies than the present rating system. It would mean that they were being taxed not according to the standard of accommodation they were actually occupying, but according to th type of property which could be built on the site: a situation over which the vast majority of them would have no control."

No doubt, but that is not site value rating. So devoid of arguments are the compilers of this document and so ignorant are they, that they have resorted to putting up an aunt sally in order to knock it down.

There is one more paragraph: "An S.V.R. levy collected from the owners of sites could bring some financial benefits to the community from the enhancement of the value of privately-owned land by planning permissions. But we would regard it as very inferior to our own proposals for the public ownership of land."

Site value rating would certainly bring financial advantage to the community when higher values of the land were realisable by the granting of planning permission but the rate "collected from the owners of sites" *would not be confined to land ready for development.* It would include *all land* whatever its state of development and would fall on all those increased land values that arise without the granting of planning permission. This can hardly be inferior to the nationalisation of building land in its collection of land values for the community, even supposing there were anything left for the community after meeting the colossal costs involved in such nationalisation.

Briefly the Labour Party's recommendations to the Layfield Committee for financing local government are tourist taxes, lotteries and, the least objectionable they say, a local income tax. They further recommend that central government grants should be increased, that water and sewerage services should be taken off the rates, that de-rating of agriculture should be ended, and that the rating of empty property should be made mandatory.